

ing the Show

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TODAY
CHINA
CHINESE CHALLENGE

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Japan Offers Russia Deal To Resolve Island Feud

Hashimoto and Yeltsin End Summit, Pledging Closer Economic Ties

By Kevin Sullivan

Washington Post Service
KAWANA, Japan — The leaders of Russia and Japan concluded a 24-hour seaside summit meeting Sunday with a little fishing, a little hugging, promises of better economic relations and a new proposal for resolving an acrimonious 50-year-old territorial dispute.

Prime Minister Ryutaro Hashimoto and President Boris Yeltsin, in shirt sleeves on a sprawling lawn facing the Pacific Ocean, said they had proposed an array of new economic measures, including construction of a Japanese auto plant in Moscow.

Mr. Hashimoto also said he had offered a new proposal to resolve the dispute over four islands north of Japan that Soviet soldiers seized in the last days of World War II. The islands, known as the Kurils in Russia and the Northern Territories in Japan, are the main reason the two Asian powers have never signed a peace treaty. Mr. Hashimoto and Mr. Yeltsin have pledged to sign one by 2000.

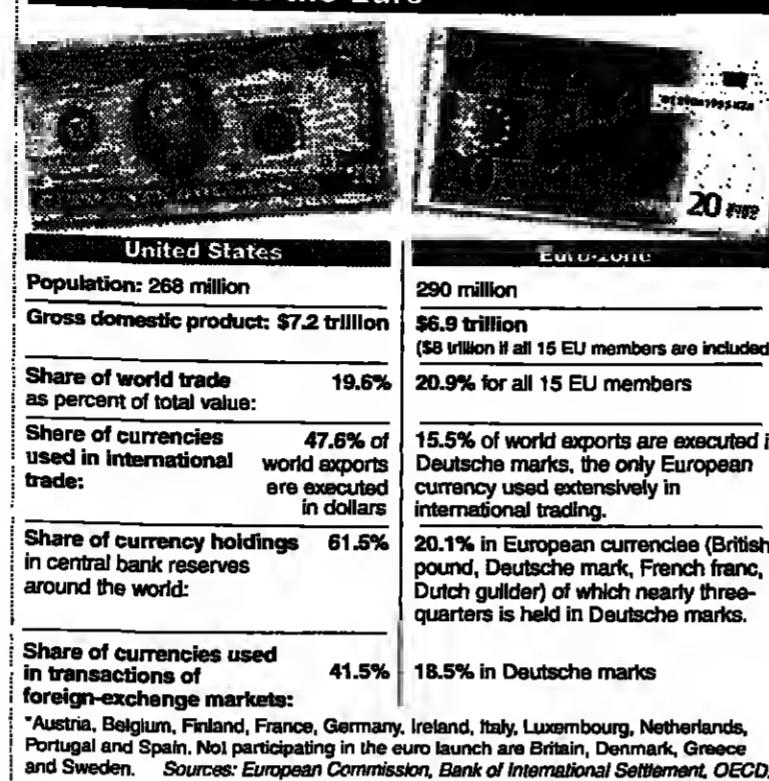
Mr. Hashimoto refused to discuss details of the proposal, but Mr. Yeltsin said he had agreed to study it.

Asked whether the former Cold War foes would be able to settle the land dispute and sign a treaty, Mr. Hashimoto said: "The question is whether we will stop at a simple peace treaty. We want deep, friendly relations between the two countries."

"In our personal relationship, we already have a peace treaty," Mr. Yeltsin said, giving Mr. Hashimoto a hug for the cameras.

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The Dollar vs. the Euro



New Money on the Block

Strong Euro Could Undermine U.S. Prosperity

By Tom Buerkle
International Herald Tribune

LONDON — As European governments prepare to create a single currency, economists and government officials have engaged in an

The French finance minister is pleased with himself. Page 15.

increasingly vigorous debate over whether the euro will rival the dollar as an international currency.

Now, a new study suggests that the euro not only will confront the dollar quickly after the single currency's debut in 1999, it also will raise European living standards at the expense of di-

minished U.S. prosperity. The shock that the euro will bring to the international monetary system "is likely to be substantial and relatively sudden," says the study to be released Monday by Richard Portes, head of the Center for Economic Policy Research in London, and Helene Rey of the London School of Economics.

The euro's rise to the status of international reserve currency rivaling the dollar "would generate substantial increases in European Union real incomes."

Mr. Portes and Ms. Rey argue that the euro-dollar rivalry will hinge on the degree to which global capital markets accept the euro. That is because trading on the world's cur-

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China Dissident Frail but Free

Wang Dan, a Leader of '89 Protests, Arrives in Detroit

By Brian Knowlton
International Herald Tribune

WASHINGTON — Wang Dan, a leader of the 1989 democracy movement in Beijing, arrived Sunday in Detroit, day after being freed from a Chinese prison in the latest in a series of moves aimed at easing strains in U.S.-China relations.

Within an hour of his arrival at Detroit airport, Mr. Wang was admitted to Henry Ford Hospital, where his condition was being evaluated at the request of the White House. Though Mr. Wang, 29, appeared frail and reportedly has been ill, he walked into the hospital unaided. It was not clear how long he would remain there before flying on to New York.

Mr. Wang's release, described by Beijing as a "medical parole," was part of a carefully scripted series of such gestures that began with the release in November of Wei Jingsheng, the best-known Chinese dissident. That came within a month of a visit to the United States by President Jiang Zemin.

Mr. Wang, in turn, was freed two months before President Bill Clinton is to pay a return visit to Beijing, Hong Kong and other parts of China.

On Sunday, U.S. officials greeted reporters of Mr. Wang's release warmly. "It's very welcome news," said Eric Rubin, a White House national security spokesman who was traveling with Mr. Clinton in Santiago. "This is something we've raised repeatedly with the Chinese, and we consider it a very positive step."

But Mr. Wei, who had passed through the same Detroit hospital as Mr. Wang following his release, cautioned the outside world not to view Mr. Wang's release as a sign that China was improving its stance on human rights.

Mr. Wei said the news of Mr. Wang's release caused him to "rejoice." But he quickly added, "I'm sure that the media will probably react to this news by saying that there has been good progress as far as the human rights situation in China is concerned, and I would like to insist that it's not true."

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Protesters displaying pictures of Wang Dan in Hong Kong in 1996.

Liberal Thought Blooms In a New Beijing Spring

By Steven Milson
Washington Post Service

BEIJING — The intellectual seeds of liberal political reform are sprouting here, making this the most open spring since the massive pro-democracy demonstrations of Tiananmen Square were crushed nine years ago.

Intellectuals here are talking about promoting individual rights, expanding direct elections, shrinking government and scaling back the ubiquitous role of the Communist Party.

A professor from the elite Communist Party school has blasted the "climate of fear" that he says impedes free speech. A leading business newspaper has hailed a "third liberation of thinking" and devoted two pages to excerpts from "Crossed Swords," a book that harshly attacks orthodox Marxist "leftists."

"Recently, the general environment has relaxed," said Mao Yushi, whose recent essay, "Liberalism, Equal Status and Human Rights," has put him in demand. Last month, students at the Chinese Geological University here crowded into a lecture hall to hear the 69-year-old economist praise Western liberalism, denounce Mao Zedong, the late Communist chairman, and call for human rights.

Beijing's spring appears to reflect a growing awareness within the party that it must move forward on political reform as Chinese society changes and the economy grows more complex. The party can no longer dictate every aspect of the economy or people's lives nor easily represent the diverging interests of state workers, entrepreneurs, peasants and city residents.

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AGENDA



SUMMIT — President Frei running the show Sunday in Chile. Page 3.

Linda McCartney Dies at 56

LONDON (AP) — Linda McCartney, 56, the wife of Sir Paul McCartney, has died of cancer, the former Beatle's publicist said late Sunday.

Geoff Baker said that Mrs. McCartney died Friday in Santa Barbara, California, and that her husband and children were with her.

The couple announced in December 1995 that Mrs. McCartney was being treated for breast cancer. The

publicist's statement Sunday said that the treatment appeared to be working well, but that the cancer was found in March to have spread to her liver.

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The IHT on-line www.iht.com

Israel's Shifting Dream: From Socialism to High Tech

By Serge Schmemann
New York Times Service

KIBBUTZ GIVAT BRENNER, Israel — The exit for Kibbutz Givat Brenner, the largest of Israel's proud old collective farms, is marked by a bright sign for "House of Dreams."

House of Dreams is actually an amusement park that the 70-year-old kibbutz now runs to augment thewaning income from its orchards, plant nurseries and aging factories. But the name also carries a poignant echo of the dreams of the early Zionists from Russia, who landed on the shores of the Promised Land envisioning a new Jewish nation forged in the selflessness of collective field labor.

A few miles north in Tel Aviv, in a concrete block of offices on what were

barren sand dunes when the state of Israel was born, several dozen men and women, all in jeans, shorts and T-shirts and well short of 30, worked intently at their computers while sipping cappuccino from paper cups. On a shelf of typing paper taped to the door, these rooms are identified as the offices of Mirabilis, from the Latin for miracle.

Seven months ago, Mirabilis did not exist. Today, the innovative chat software invented by its four founders, ICQ (read "I seek you"), is one of the hottest new instruments on the Internet, with 10 million registrations and as many as 57,000 new users daily.

Though only a few miles lie between the "dreams" and the "miracle," they trace the extraordinary road Israel has traveled from the socialist experiment of defiant European Jews to the high-

tech revolution that has turned the country into the Silicon Valley of the Middle East, second only to the United States in start-ups.

High tech now accounts for nearly a third of all Israeli exports, and with close to 3,000 start-ups and research-and-development projects, the share is likely to continue growing.

By any yardstick, Israel is prosperous — more prosperous than it has ever been, and learning to live it. Exports have catapulted to about \$32 billion last year, most of them industrial and scientific, from \$30 million in 1948, when most of them were agricultural. The per capita gross domestic product has reached \$17,000, more than Portugal or Spain, and many times that of Israel's Arab neighbors. Some 120 Israeli companies are traded on New York ex-

changes, which places it second among foreign countries only to Canada.

The wealth is tangible. Visitors are regularly struck by the proliferation of cell phones, on which Israelis spend more time talking than any other people. With 1.6 million in use, Israel has one for every three people.

The number of cars has almost doubled in nine years, to 1.65 million last year from 882,000 in 1988, and big luxury sedans are no longer exotic. People for whom travel abroad used to be an impossible dream now pour out of the country in droves for vacations in Europe, South America and Asia. Gourmet restaurants, shopping malls and outlets of every American chain sprout routinely in Tel Aviv and Jerusalem. A

See ISRAEL, Page 11

Forests Die as Borneo Prays for Rain

Drought Has Turned Jungle Into Tinder

By Thomas Fuller
International Herald Tribune

SAMARINDA, Indonesia — The tropical forests' brilliant greens have given way to soft reds and pale yellows, making Bukit Suharto National Park look like autumn in New England.

But this is not fall foliage on the equator. The Bukit Suharto forest is dying, along with hundreds of thousands of hectares of adjoining jungle.

This coastal stretch of southeast Borneo, on the edge of the world's second-biggest rain forest, has received just 300 millimeters (12 inches) of rain in the last 12 months, according to data collected by Willie Smits, an adviser to the Indonesian Forestry Ministry. Normal annual rainfall is 2,700 millimeters.

The drought has turned Borneo into a tinderbox, and fires — many of them set by companies and farmers clearing land — have spread across the island. A United Nations team last week said it would take 10,000 people to put out the fires, but specialists here say there is little or nothing humans can do to save the forests.

"Nothing but rain can stop these fires," Mr. Smits said.

He led a frustrating effort to try to protect a relatively tiny swath of land — 3,500 hectares (8,650 acres) — from fire. The small forest was filled with plants used for research.

"We had a hundred people who for the last nine months, day and night seven days a week, were patrolling and putting out fires," Mr. Smits said.

See BORNEO, Page 11

EU Arms 'Loophole' Comes Under Fire

Alarmed Over Where U.S. Guns Go, Washington Seeks Re-export Controls

By Raymond Bonner
New York Times Service

LONDON — Despite U.S. laws intended to curb international trafficking in firearms, the Clinton administration has discovered that Washington has virtually no control over where American weapons end up once they are shipped to Europe, America and European officials say.

As a result, law enforcement officials in Europe and the United States say, thousands of high-powered and semi-automatic American pistols and rifles sold to Europe in the last few years have

ended up fueling violent conflicts in places that include Rwanda, the countries that once were part of Yugoslavia, Algeria and Turkey, and are in the hands of street criminals and organized crime syndicates. They are also indications that American firearms have found their way to Iraq and Iran.

As a first step to address the problem, the State Department is on the verge of revoking all outstanding licenses for firearms export to British companies, a senior American official said.

Currently, 250 licenses are outstanding, for more than 14,000 handguns, according to American officials and a report from the U.S. Embassy in London to Washington in March.

Under European Union law, however, there is no requirement that a company wishing to re-export goods to another member country notify the export licensing authority in the original country, the embassy reported.

Thus, an executive with Borchers, one of the largest gun importers in Spain, said he could re-export weapons bought in the United States to another of the European Union's 15 member countries without approval from the United States.

The EU's view is that Washington's re-export restrictions are an infringement on "territorial sovereignty," as

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From Unimpressive Youth to Despot / His Reign of Terror in Cambodia Took Nearly 2 Million Lives

Pol Pot: Seeking a Utopia, He Destroyed His Country and People

By Seth Mydans
New York Times Service

IT WAS on April 17, 1975, that Pol Pot and his forces took over Cambodia after a devastating five-year war, punctuated by a U.S. bombing campaign against the Khmer Rouge that exceeded the tonnage of U.S. bombs dropped on Japan during World War II.

With breathtaking speed, Mr. Pol Pot and his black-clad followers ordered the weary Cambodians to leave their homes, emptying the cities and towns to begin life at "Year Zero" as worker-peasants in the fields of Cambodia. Over more than three years, until early 1979, the Khmer Rouge government of Democratic Kampuchea conducted a rule of terror that led to the deaths of more than 1.7 million people, or one-fourth of Cambodia's population of 7 million, through execution, torture, starvation and disease.

Mr. Pol Pot died last week in a wooden hut near the Thai border at age 73. On Saturday, he was cremated on a funeral pyre fed by tires, wood and his own rattan chair.

He was one of the most secretive of national leaders. His bland face and unthreatening manner, his self-effacement, his rare and turgid public statements, and his life in hiding — even during his years of absolute power — were some of the ways he kept his rivals off balance while he retained his hold over his followers.

There was little in Mr. Pol Pot's background to suggest any personal drama when he came to power. Since his childhood, the phrases used to describe him had been uninspiring: polite, mediocre, soft-spoken, patient, even shy.

Still, people who knew him described him as warm and reassuring, especially in small groups. "I saw immediately that I could become his friend for life," said one man who met him in the 1950s.

One of the few Western journalists to interview him, Elizabeth Becker, now an editor at The New York Times, described his personal appeal in her book "When the War Was Over."

"He was actually elegant, with a pleasing face, not handsome but attractive," she wrote. "His features were delicate and alert and his smile eerily endearing. There was no question of his appeal. Physically, he had a strong, comfortable appearance. His gestures and manner were polished, not crude."

In an hourlong interview she had with Mr. Pol Pot just weeks before his fall, he rallied against Vietnam but never raised his voice, Ms. Becker wrote. "At most he nodded his head slightly or flicked his dainty wrist for emphasis," she added.

Mr. Pol Pot was less comfortable and revealing in a larger arena, making few public appearances even when he was in power, obscuring his ideology, changing residences and warning of treachery from every quarter. When he had a stomach ailment, he said his cooks were trying to poison him. When the power at his residence failed, he had the maintenance workers killed.

This fear of treachery — by foreign agents or by poisonous "microbes" within his own organization — motivated much of his behavior, from his secretiveness to the bloody purges that began to consume his revolution beginning in 1977.

Speaking to a party cadre in 1976, Mr. Pol Pot said: "We search for the microbes within the party without success; they are buried. As our socialist revolution advances, however, seeping into every corner of the party, the army and among the people, we can locate the ugly microbes."

As a revolutionary, he took the name Pol Pot, which has no particular meaning. He was born Saloth Sar in 1925 in a village near Kompong Thom, 145 kilometers (90 miles) north of Phnom Penh, the eighth of nine children of a landowning farmer named Pen Saloth and his wife, Nok Sen.

At the age of 6 he was sent, like many other Cambodian children, to live with more prosperous relatives — in his case a brother who worked in Phnom Penh as a clerk at the royal palace and a cousin who was a dancer there in the Royal Ballet.

SON AFTER his arrival, he spent several months in a Buddhist monastery — but this was a much shorter exposure to Buddhist teaching than was common in Cambodia, where most schooling was conducted by monks. He completed primary school but failed his exams to enter high school and studied carpentry at a trades school.

At 20 he received a government scholarship to study radio technology in France, where he spent three years and became involved in Communist activities when the Communist Party in France was dominated by Stalinists. It was here that he began his long association with Son Sen, Leang Sary and others who became members of his inner circle.

It was also here that he met his future wife, Khoue Ponnary, a schoolteacher several years his senior, whose sister was married to Mr. Leang Sary.

Mr. Pol Pot said he was a good student when he first arrived in Paris. "Later I joined the progressive student movement," he told the Vietnam News Agency in 1976. "As I spent more of my time in radical activities, I did not attend many classes."

While in Paris he published his first tract, an attack on the Cambodian royalty. Later it was the king, Norodom Sihanouk, who dubbed Mr. Pol Pot's movement the Khmer Rouge, or Red Cambodians.

This Week's Holidays

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Reuters

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belarus, Bulgaria, Cyprus, Egypt, Greece, Letonia, Mali, Moldova, Romania, Sudan, Swaziland, Ukraine, Yugoslavia.

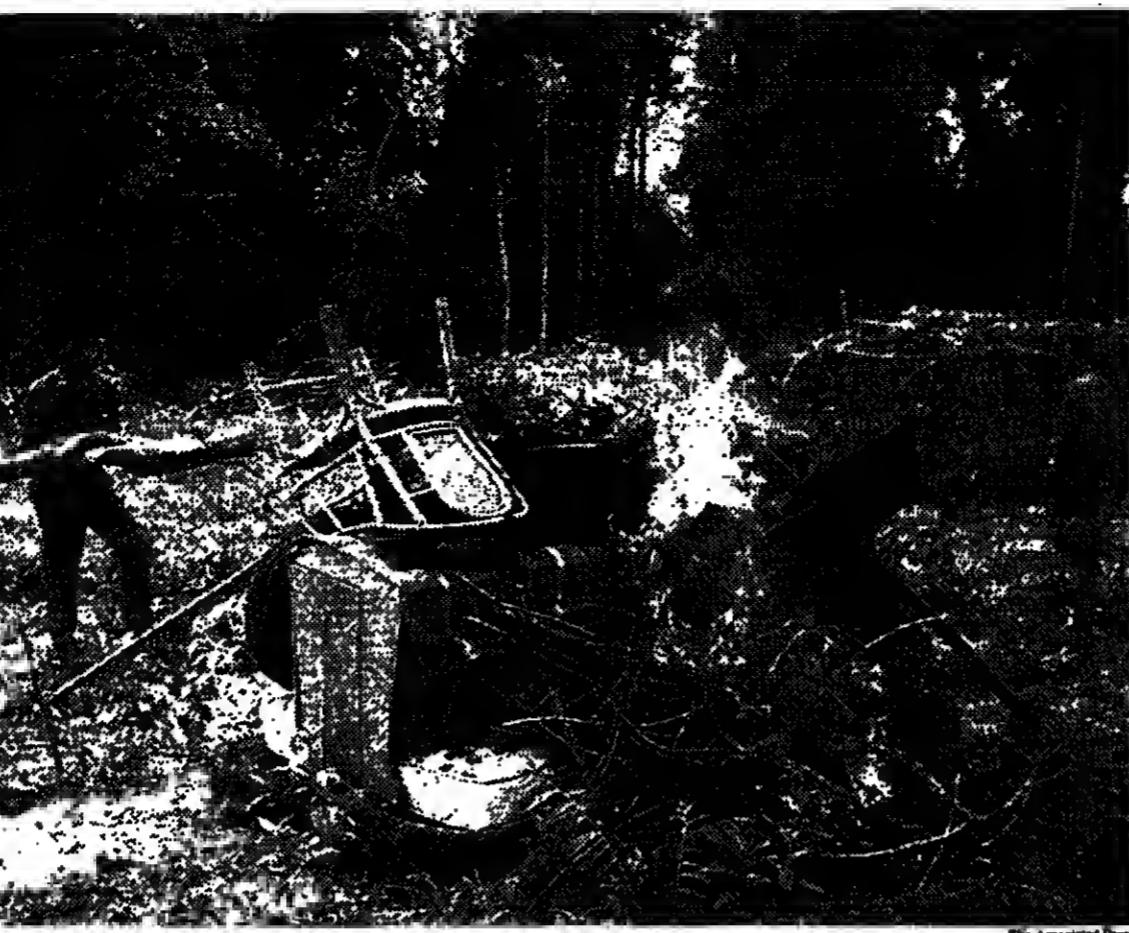
TUESDAY: Brazil, Cyprus, Romania.

THURSDAY: Iceland, Israel, Turkey.

FRIDAY: Armenia, Bahrain, Israel, Niger, Virgin Islands.

SATURDAY: Australia, Egypt, Italy, Macau, New Zealand, Portugal, Swaziland.

Sources: J.P. Morgan, Bloomberg, Reuters



A Khmer Rouge fighter adding a log to the funeral pyre of Pol Pot near Cambodia's border with Thailand. (The Associated Press)

No Eulogy and No Tears at the Pyre

By Seth Mydans
New York Times Service

CHONG SA-NGAM, Thailand — First a thin white plume rose into the gray sky above the forest here on the Thai-Cambodian border. Then a cascade of black, acrid smoke.

At precisely 9:52 Saturday morning, a young Khmer Rouge guerrilla touched a red plastic cigarette lighter to a stack of kindling, and soon the body of Pol Pot, one of the century's great mass killers, was consumed on a makeshift pyre of burning tires and debris.

There were no words of eulogy and no tears as the flames crackled and grew in a clearing just inside Cambodia. Soldiers in rubber sandals and green shirts tossed pieces of wood and pails of gasoline to feed the fire. They poked at it with long sticks.

As the tires and the kindling burned away, Mr. Pol Pot's blackened skeleton

remained within the orange flames, its right arm and fist raised upward. Only a dozen people witnessed the cremation of the man who drove Cambodia to ruin, causing the deaths of more than a million people when he ruled the country from 1975 to 1979.

Those present included several low-ranking guerrillas from the Communist movement that Mr. Pol Pot led for three decades and a small group of photographers who were invited to record the moment on cameras and videotape. Other journalists were halted at a checkpoint here on the Thai side of the border, where they watched the smoke rise 500 yards away. The Thai military later made a videotape available.

Mr. Pol Pot's widow and their 14-year-old daughter did not attend, nor did the remaining Khmer Rouge leaders, who are under heavy military pressure from Cambodian government troops. The event Saturday began in Mr. Pol Pot's shack, where several guerrillas

used a hatchet to hammer together a crude wooden coffin. Then they lifted Mr. Pol Pot's remains from his narrow bed, seizing the top and bottom ends of a dark plastic sheet in which his decomposing body had been preserved with chunks of ice. They tossed his straw fan, his scarf, his belt and a small black knapsack of his clothes into the coffin with him and covered it with a rough gray blanket.

Six soldiers — two of them with AK-47 rifles slung on their backs, one with a cigarette in his mouth — befted the coffin onto a pyre a few yards from the house.

Eight tires cracked in from Thailand that morning formed the base of the pyre. On top of them was the mattress from Mr. Pol Pot's bed. His wicker chair was set upside down atop his coffin along with several more tires.

Three soldiers added sprays of white and pink fuchsias to the pyre, the day's one touch of sentiment.

Eventually the conservative government of the young king, which was under French colonial rule, canceled Mr. Pol Pot's scholarship and he returned home, where he dedicated himself to the underground Communist movement.

In 1954, at the Geneva Convention, after a defeated France withdrew from its former colonies, Vietnam was split into the Communist north and non-Communist south, and Cambodia became independent. Hoping to remain in power, King Sihanouk demoted himself to prince and led his political party to victory in the first elections. He was promptly made head of state.

In 1956, while continuing his underground activities, Mr. Pol Pot married Miss Khet Ponary and taught French, history, geography and civics at a private high school.

In his biography, "Brother Number One," David Chandler quotes one of Mr. Pol Pot's students, Soth Polin, as he described the teacher's magnetism in the classroom: "He spoke in bursts, without notes, searching a little but never caught short, his eyes half closed, carried away by his lyricism. The students were subjugated by this affable professor, invariably dressed in a short-sleeved white shirt and dark blue trousers."

In 1960, in an out-of-the-way corner of the Phnom Penh railway yard, Mr. Pol Pot met secretly with other Cambodian Communists and helped create the country's Communist party, the Khmer Workers Party, separate from the old Vietnamese-dominated Indochinese Communist Party. Within two years, Mr. Pol Pot rose to be its leader.

Fearing arrest, he fled in 1963 to Vietnam, along with Mr. Leang Sary and Mr. Son Sen, and for the next decade lived in hiding, a pattern that held for most of the rest of his life.

Visiting China on the eve of the Cultural Revolution, Mr. Pol Pot observed many of the patterns he later instituted in his own country, from revolutionary theory to the soft Chinese-style hats adopted by the Khmer Rouge.

The widening war in Vietnam fueled the Communist movement in Cambodia, and after a peasant uprising in Battambang Province in 1967, Mr. Pol Pot began his move into armed rebellion. By 1970, he had 3,000 fighters under arms.

For years the Vietnamese Communists had used Cambodia to buy rice, to transport weapons and to channel soldiers from North Vietnam to the South along the Ho Chi Minh Trail. Prince Sihanouk and his government — intent on getting along with the Vietnamese Communists, who impressed him as likely to win the war — never protested these intrusions.

Nor did he protest when the Americans began bombing suspected Vietnamese positions in eastern Cambodia. The bombing forced the Vietnamese to move deeper into Cambodia, and the Khmer Rouge spread with them.

Prince Sihanouk found himself criticized for his tightrope politics in the midst of the Vietnam War, particularly by the army. In March 1970 the National Assembly deposed the prince while he was abroad, replacing him with pro-American officials led by his previously loyal

leatherback, Leang Sary, who fled in 1963 to Vietnam, along with Mr. Son Sen, and for the next decade lived in hiding, a pattern that held for most of the rest of his life.

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prime minister, General Lon Nol. Furious, the prince joined with the Khmer Rouge, and soon Cambodia was plunged into the Vietnam War. Within months the Vietnamese Communists and their Khmer Rouge allies controlled vast areas of the country.

In 1973, after the U.S. signed the Paris peace accord with the Vietnamese Communists, American B-52s were loosed to drop huge quantities of bombs on suspected Khmer Rouge positions in Cambodia to try to prevent a Communist victory there. Phnom Penh became a swollen refugee center, and many displaced or angry villagers fled to join the Khmer Rouge army.

By the time of its victory in 1975, the army had grown to a force of 70,000, a growth aided by the prestige of Prince Sihanouk, who in one of his many political hairpin turns became titular president of the movement.

Tougher, more disciplined and more brutal than the U.S.-backed forces of General Lon Nol, the Khmer Rouge captured Phnom Penh almost two weeks before the Communists took Saigon, with Mr. Pol Pot as a leading commander and political strategist.

By the time Mr. Pol Pot himself entered the city, on April 23, 1975, or 12 years after he had fled into the jungles, the capital was silent and deserted.

From the very start, his troops pushed radical plans to turn the nation upside down. Everyone — the elderly, the blind, the sick, even infants — was ordered right away to "return to the villages." Some 20,000 hospital patients were forced to move out, some on wheeled beds. Tens of thousands of people died of starvation and disease in the first weeks of the revolution's victory.

Many others were killed outright: soldiers from the defeated army, bureaucrats, merchants, "parasites," "intellectuals." In their xenophobia, the Khmer Rouge threatened minority groups, particularly the Muslim Cham, with extermination if they did not transform themselves into what the Khmer Rouge defined as real Cambodians.

In his victory speech, Mr. Pol Pot said his Communists had suffered more than other Communists and would build a revolutionary society faster as well.

To that end, Mr. Pol Pot made Cambodia one of the most isolated countries in the world, sealing its borders and restricting all but a few foreign diplomats to their chambers in an early quiet Phnom Penh. Prince Sihanouk, the first president, was confined to his palace and then to a guest house. Meanwhile, the radical experiment was destroying the country. The slave-labor gangs were not producing the food required. With no outside contacts, the country's supplies were becoming depleted. The huge public-works projects, especially in irrigation, were shoddily made and fell apart.

BUT MR. POL POT refused to believe his revolution was to blame. He looked for scapegoats: first the Cambodians loyal to the old regime, then Communist leaders of select regions of the country, then key Communist leaders close to him. These suspected "enemies" were arrested and taken to security centers where they were逼迫 to confess to imagined crimes and then killed.

Mr. Pol Pot was ordering the deaths of his closest comrades as the Vietnamese invaded the country. Because of the closed nature of the country, it remained unclear to outsiders what was happening, and reports by refugees of the horrors of Democratic Kampuchea were often met with disbelief.

The full picture emerged only in 1979, when the Vietnamese conquerors of Cambodia allowed in foreigners and hundreds of thousands of sick and starving refugees poured into Thailand.

They told stories of how husbands had been separated from wives, parents from children. Holidays, music, romance and entertainment were banned. Dictatorial village leaders and soldiers told the people whom to marry and how to live, and those who disobeyed were killed. Children informed on their parents; many other youngsters who did not heed to the political mania were buried alive.

Communal work brigades were formed to farm, clear forests and dig canals. Almost all the work was done by hand, without machinery, and people were forced to labor from dawn until late night. Thousands died from malnutrition, thousands from overwork. Thousands were jailed, to be tortured and die.

The meticulous records kept by the Khmer Rouge of the people they tortured to death proved to be among the most valuable documents proving their crimes.

Above all, though, were the mass graves and killing fields uncovered after the Khmer Rouge defeat.

Instead of utopia, the Khmer Rouge had brought ruin. The regime's downfall came after Mr. Pol Pot attacked Vietnam and tried to seize territory along the frontier. On Dec. 25, 1978, Vietnamese troops crossed the border in strength, and soon there were 200,000 Vietnamese soldiers inside Cambodia. Within two weeks they occupied Phnom Penh and much of the rest of Cambodia, overthrowing Mr. Pol Pot.

In the years that followed, the struggle for control of Cambodia continued, with China and Thailand giving Mr. Pol Pot and his circle refuge, medical care and military support in a game of anti-Vietnamese and anti-Soviet geopolitics.

TRAVEL UPDATE

Singapore Airport Gets Top Marks

GENEVA (Reuters) — International travelers have voted Singapore's Changi their favorite world airport for the second year in a row, but Helsinki's Vantaa is not far behind, according to a report by the International Air Transport Association.

Among airports processing more than 25 million passengers annually, Amsterdam's Schiphol emerged on top, with Orlando, Florida, and Atlanta close behind, according to the report, cited by the journal Airport World.

Helsinki's relatively small airport, home base for the national airline Finnair but not previously included in the survey, came just ahead of Britain's Manchester, No. 2 in the past.

In fourth place was Melbourne, and in fifth was Geneva's Cointrin International Airport, fighting hard to retain its role as a major hub after the national carrier Swissair switched most of its long-haul routes to Zurich at the end of 1996.

Germans Criticize Greek Air Safety

FRANKFURT (AP) — The German pilots association Cockpit on Sunday criticized air safety over Greece, saying the skies were only partly covered by radar and Greek air traffic controllers spoke poor English.

Georg Fongern, a spokesman for the association, also said planes taking off and landing are assigned the same routes, so that they could find themselves coming at each other.

Japan Strike Blocks 8 More Flights

TOKYO (AFP) — The pilots strike against All Nippon Airways ground into the 14th day Sunday, notching up a total of 88 flight cancellations and costs of about \$20 million.

The No. 2 Japanese carrier canceled eight international flights Sunday, requiring the rerouting on other airlines of 2,100 passengers, a company official said.

An outbreak of dengue fever in Indonesia has killed 207 people and put nearly 7,600 in the hospital in the last few months, the Jakarta Post reported this weekend. (Reuters)

and People

Americas' Trade Zone Reaffirmed

Compiled by Our Staff From Dispatches

SANTIAGO — Leaders of the Western Hemisphere's 34 democracies reaffirmed Sunday their commitment to establish a free-trade zone throughout the Americas by 2005 and said negotiations would start by September.

In a joint communiqué issued on the final day of the Summit of the Americas in Chile, the leaders pledged to make "concrete progress" toward their goal by the turn of the century, even though Congress has yet to give President Bill Clinton the expanded trade negotiating power he needs to conclude the negotiations.

"We order the start of negotiations," the leaders said in their 34-page final statement.

The action, if followed to fruition, would establish a Free Trade Area of the Americas stretching from Alaska to Tierra del Fuego.

"We are confident the Free Trade Area of the Americas will improve the well-being of all our people, including economically disadvantaged populations within our respective countries," the statement said.

The leaders made no change in the overall timetable adopted at the first hemispheric summit meeting, in Miami in 1994, but went a step further by stating that a trade negotiations committee will convene by June 30, with actual negotiations to start no later than Sept. 30.

Negotiations will begin in Miami, with nine initial "negotiating groups." They will cover these areas: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, competition policy and subsidies and ways to stop the deliberate "dumping" of products at below-market prices.

The talks will be held in Miami for the

first three years, with Canada overseeing the initial effort. Brazil will then serve as co-chairman for the final years.

Although Congress has not granted Mr. Clinton fast-track authority to negotiate international trade deals, he promised in a speech Saturday at the opening session of the summit meeting to persuade Congress to grant him the authority he wants.

"The United States may not yet have fast-track legislation, but we will," he said. "I assure you our commitment to the free-trade area of the Americas will be in the fast lane of our concerns."

The term "fast track" refers to an arrangement in which Congress could approve or reject a trade agreement negotiated by the White House but could not amend it.

Mr. Clinton also issued a critical analysis Saturday of the lingering social problems that leaders in Latin America are attempting to grapple with.

"Poverty throughout the hemisphere is still too high, income disparity is too great, civil society too fragile, justice systems too weak, too many people still lack the education and skills necessary to succeed in the new economy," he told the hemisphere's 33 other leaders — all except President Fidel Castro of Cuba. "In short, too few feel the change working for them."

Although Latin America has experienced economic growth of 15 percent since the 1994 meeting, it has a disparity between rich and poor that is among the greatest in the world.

In their statement Sunday, the leaders noted that some countries in the region, including Mexico, had been experiencing financial problems since the 1994 summit meeting.

But they said that the overall trend in the hemisphere "has been one of faster

economic growth, lower inflation, expanded opportunities and confidence in facing the global marketplace."

"New partnerships have been formed and existing ones strengthened and expanded," they said.

Beyond trade, the summit partners:

- Renewed a 1994 plea for "universal access" to elementary-school education for all children in the hemisphere by 2010 and high-school education for 75 percent of children by then. They proposed \$8.3 billion in new loans and grants for better teacher training, more textbooks and other learning programs.

- Pledged to lower barriers for home ownership and starting small businesses.

- Promised a redoubled effort against the "global scourges of corruption, terrorism and crime."

- Set up an Alliance Against Drugs to coordinate better the war on drugs within the Americas. (AP, NYT, WP)



President Clinton at the Americas summit meeting Sunday in Chile. (Eduardo Echavarria/The Associated Press)

POLITICAL NOTES

Republicans Reap Tobacco Largesse

WASHINGTON — On the same day tobacco executives were called to Congress to discuss a proposed settlement of legal challenges against the industry, Philip Morris poured \$100,000 into the coffers of Republicans who control the House.

Philip Morris's donation on Feb. 24 was the largest the National Republican Congressional Committee received during the first three months of 1998, according to documents filed with the Federal Election Commission.

The committee raised \$227,750 in "soft money" from the tobacco industry during the first three months of 1998. Overall, the committee, which helps to elect House Republicans, raised \$8.7 million in regular contributions between Jan. 1 and March 31. (AP)

Chicago Lawsuit: Pointers for Jones?

WASHINGTON — Whether Paula Jones succeeds in her efforts to reinstate her lawsuit against President Bill Clinton may depend on a different case that will be argued in less than a week before the U.S. Supreme Court, lawyers who deal with sexual harassment issues said.

On Wednesday, the justices will be asked to decide whether a Chicago businesswoman may claim sexual harassment after she was subjected to sexual advances by a supervisor, but suffered no adverse job consequences after she refused to comply. One issue is whether a legal case of sexual harassment is possible when no tangible detriments occur at the work place.

In dismissing the Jones lawsuit this month, a federal judge said one reason for the ruling was that Mrs. Jones failed to show any tangible detriment at her job even if the allegations she made about Mr. Clinton were true. (NYT)

Quote/Unquote

Newt Gingrich, the speaker of the House, on his opposition to a tobacco bill and its proposed tax increase and new regulatory power: "It's going to be very hard to get through the Congress a bill which gives big government more money for more bureaucrats." (AP)

AMERICAN TOPICS

Problem Gambling Strikes Rising Number of Students

The spread of casinos around the United States may be contributing to a rise in problem gambling among college students.

A Harvard Medical School study found that half of college students surveyed in the United States and Canada said they had gambled at a casino in the previous year.

In New Jersey, "gambling is festering in every high school and college," said Edward Looney, director of the New Jersey Council on Compulsive Gambling. "It's absolutely epidemic."

At the University of Kansas in Lawrence, an hour's drive from six casinos, students have formed a chapter of Gamblers Anonymous.

Consider the case of Michael Hudspeth of Kansas City, Missouri. He started gambling as a junior high school student, shooting craps for lunch money in the cafeteria floor. When he went to college at Missouri Western College, he played dice aboard Missouri's riverboat casinos.

His losses grew. He once borrowed \$2,000 as a student loan then lost it in a night. He also ran up credit card debt.

The legal age to gamble is 21 in most states. But just as underaged students have found ways to buy alcohol, many manage to get into casinos. Missouri's riverboat casinos have adopted a program called Project 21 to remind minors that for them, gambling is illegal.

Short Takes

Some are questioning the wisdom of a Los Angeles high school, in an area where one-third of the students speak limited English, investing \$12,000 to build a golf driving range and putting green. But backers of the project at James Monroe Senior High School say the students' newfound enthusiasm for golf, and the doors it will open for them later, provide the answer.

"We're trying to break the stereotypes," Todd Tyni, a business teacher and golf coach at Monroe, told the Los Angeles Times. "I've heard so many kids talk about Tiger Woods and say, 'If he could do it then maybe I could do it too.'"

Paul David of the Washington-based Minority Golf Association of America, likes the idea. "Golf is an equalizer," he said. "You may go in from a disadvantaged background or

as a minority for a job interview, and if you have down on your resume that you are an accomplished golfer with a 2 handicap, you've already caught their attention."

The golf team has doubled in size since the facility opened, and students line up during lunch hour to hit balls. Now, says Mr. Tyni, "if I can just get my hands on the football field."

President Bill Clinton, ever aware of his eventual place in history, may have been reading the works of a predecessor, Calvin Coolidge, when he adopted a canine friend, Buddy, to join his cat, Socks.

"Any man who does not like dogs and does not want them about, does not deserve to be in the White House," Silent Cal once said.

Other presidents, according to an exhibit on presidential pets at the Herbert Hoover Library in West Branch, Iowa, agreed that dogs could make for good politics, as when Franklin Roosevelt famously turned attacks on himself and "my little dog Fala" to his advantage.

But Woodrow Wilson, one of the nation's less cynical presidents, saw the dog as a handy moral litmus test. "If a dog will not come to you after he has looked you in the face," he said, "you ought to go home and examine your conscience."

Brian Knowlton

BOOKS

SAINTS AND VILLAINS

By Denise Giardina. 487 pages.

\$25. Norton.

Reviewed by Susan Osborn

THE Berlin-born theologian Dietrich Bonhoeffer observed, "Today there are at once more saints and villains. Shakespeare's characters walk among us. The villain and the saint emerge from primeval depths and by their appearance they tear open the infernal or the divine abyss from which they come and enable us to see for a moment into mysteries of which we had never dreamed."

"Saints and Villains," Denise Giardina's fourth historical novel, traces the moral development of this sensitive and prescient pastor who, with a small band of government and military officials, conspired to kill Hitler during World War II.

Born into an upper-middle-class family at the beginning of the century, Bonhoeffer, a sheltered and dreamy loner, turns to theology after a failed attempt at misanthropy. He studies at Union Theological Seminary in New York City, where he befriends an African-American student, Fred Bishop, who exposes him to racism in Harlem and the South. Perhaps the most salient of these experiences occurs

curs in Hawks Nest, North Carolina, where Bishop, Bonhoeffer and two others have traveled to investigate the mysterious deaths of black men pulled off bread lines to help dig a tunnel. To protect Bonhoeffer from the scrutiny of those doing the hiring, Bishop strips him of the accoutrements of priesthood — he must wear hobo clothes and is told to conceal his accent by pretending he's mute. This foray into depersonalization foreshadows what Bonhoeffer witnesses happening to Jews when he returns to Germany.

Giardina's strength lies in her ability to show how historical particulars craft individuality; indeed, in "Saints and Villains," Bonhoeffer's self is articulated almost entirely by his confrontation with historical events, both public and private. For example, when his sister's Jewish father-in-law dies, some members of the Bonhoeffer clan refuse to attend the service, and Bonhoeffer himself refuses to conduct it. As a result, his girlfriend leaves him. But after a period of self-scrutiny, Bonhoeffer begins to resist Nazism first by writing sermons that protest Germany's betrayal of Christian values, later by smuggling Jews and information out of the country.

The bulk of this story consists of scenes in which Bonhoeffer struggles with his conscience and various tenets of

Christian theology as he confronts the decline of his country's moral values. But the Holocaust presents him with a unique atrocity, one, at odds with the consolatory myths valued by his Christian faith. His inability to find a familiar context for the Holocaust — his inability to transform what he hears and knows about the plight of German Jews into a tale of Christian redemption — suggests the paucity of his moral vocabulary when he is faced with the details of Nazi rule.

Re-creating a life from biographical sources is an act of imagination that requires an ability to theatricalize the person being represented and his world. Unfortunately, that ability is not well applied here. The book consists primarily of static doctrinal and moral conversations between Bonhoeffer and others; as a result, characters sound, at best, like puppets reading from political pamphlets, at worst, like characters in a grade-B flick.

What might otherwise have been a provocative and multifaceted psychological portrait of a Christian pacifist-turned-conspirator is finally a disappointingly uninspired account.

Susan Osborn, author of "Surviving the Wreck," who is writing a book on the Holocaust, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

Rapée of Manhattan.

The Women's Teams winners were Rose Johnson of White Plains, New York, together with Jo Morse of West Palm Beach, Florida, Karen McCallum of Exeter, New Hampshire, Hjordis Eythorsdottir of Huntsville, Alabama, and Lynn Baker of Austin, Texas.

The Women's Team winners barely survived the qualifying stage and were helped by the diagrammed deal.

Baker and McCallum, as East and West, defended four hearts after a sequence in which North made a response double, which in this context normally indicates equal length in the major suits.

The defenders led two rounds of diamonds, and South ruffed with the jack. She now needed to maneuver three spade tricks and one more diamond ruff to make her game, which was possible but not easy. The winning move was to lead a low spade at the third trick after which the defense would have been helpless. After a club shift, for example, South can win in dummy, ruff a diamond high, draw trumps and take a spade finesse.

But South mistimed the play by overtaking the heart queen with the king at the third trick to take a spade finesse. Now she surrendered a spade, but had opened the door for a lethal spade return, cutting a vital line of communication to her own hand.

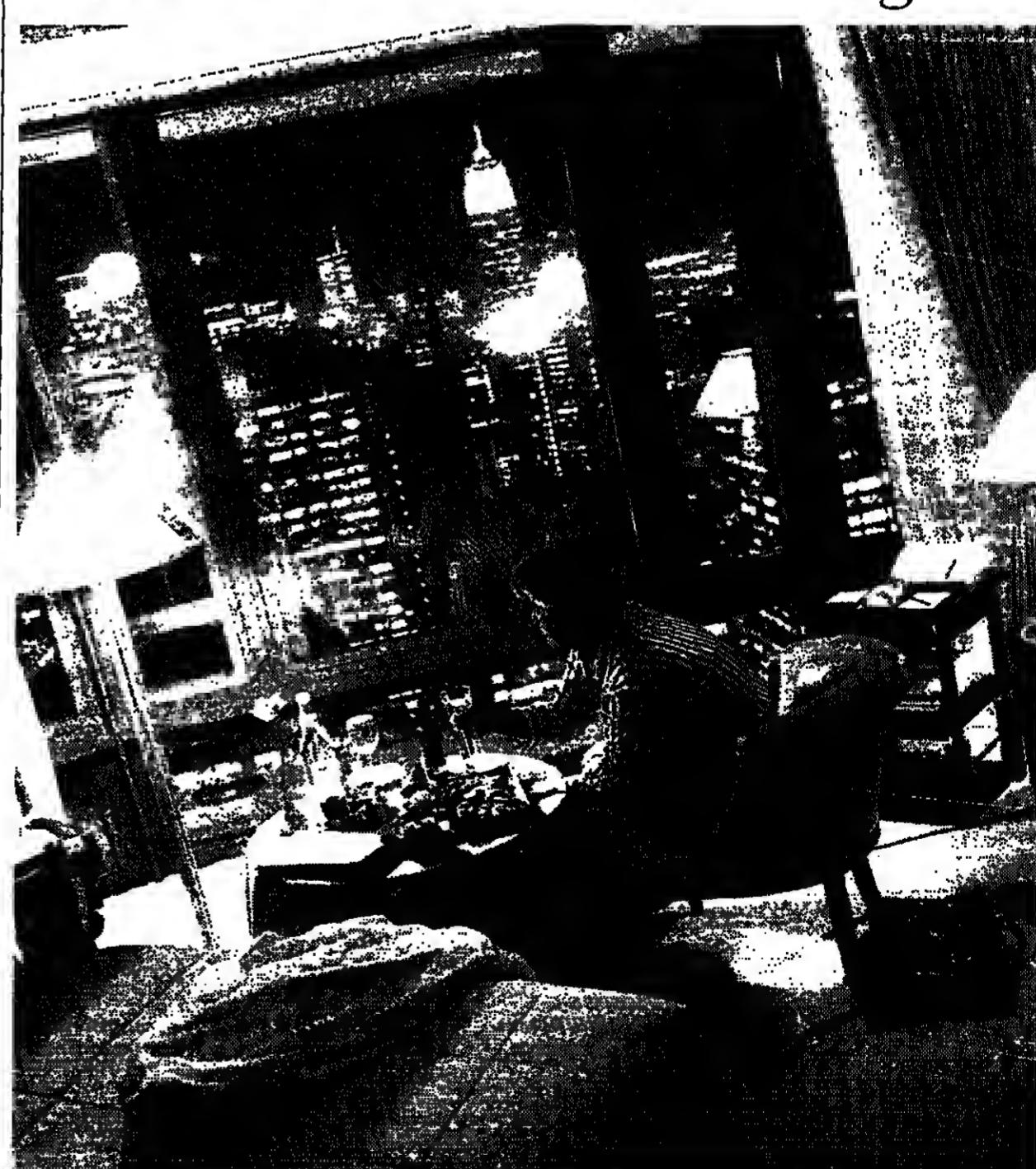
If South had made this shaky contract, which was understandably not reached in the replay, her team would have qualified and the eventual winners would have been on the sidelines during the final day.

NORTH			
♦ A 10 7 6			
♦ K 10 8			
♦ 7 4 2			
♦ A 9 6			
WEST			
♦ J 4 2	♦ K 6 3		
♦ 7 5	♦ 6 4 2		
♦ K 10 8 6 3	♦ A J 8 5		
♦ K 5 2	♦ Q J 10		
EAST (D)			
♦ A Q 5			
♦ A Q J 3			
♦ Q			
♦ 8 7 4 3			
SOUTH			
♦ A Q 5			
♦ A Q J 3			
♦ Q			
♦ 8 7 4 3			

Both sides were vulnerable. The bidding:
East: South: West: North:
1♦ Dbl: 5♦ Dbl:
Pass: 4♦ Pass: Pass
Pass: Pass

West led the diamond six.

"I know it's late, but I'd like some sushi. How far do I have to go?"



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EUROPE

Schroeder Rides Rising Polls in Germany as Kohl Campaign Loses Steam

By William Drozdiak
Washington Post Service

BERLIN — Five months ahead of Germany's national election, the opposition Social Democrats have surged ahead in the polls amid signs of growing public disenchantment with Chancellor Helmut Kohl's ruling conservatives after 16 years in power.

While renowned for his political comebacks, Mr. Kohl appears to be facing his gravest crisis as opinion surveys show widespread disillusionment with his squabbling coalition partners, his failure to create jobs and his poor record at keeping campaign promises.

As Europe's longest-serving leader winds up his annual spring vacation at an Austrian spa, close advisers say Mr. Kohl, 68, has only now come to realize

the enormity of the challenge posed by Gerhard Schroeder, his Social Democratic rival.

Little headway has been made so far with a scare-mongering strategy that depicts the potential perils of a government run by the Social Democrats and the Greens. When the Greens floated the unpopular idea of tripling gasoline prices to nearly \$12 a gallon in order to cover social security deficits, Mr. Kohl's conservative allies failed to capitalize on the tactical mistake by the ecology party.

The slumping popularity of Mr. Kohl's Christian Democrats has been particularly acute in Eastern Germany, where many former supporters of the leader who reunited Germany have turned against him because his promises of creating "flourishing landscapes" in

the East have been marred by rampant unemployment.

In the 1994 election, the Christian Democrats maintained power largely by capturing close to 40 percent of the vote in Eastern Germany. But now, even Mr. Kohl's strategists acknowledge that nearly half of their former voters in the East have deserted the party.

With the latest polls showing that they are running more than 10 points ahead of Mr. Kohl's party, the Social Democrats celebrated their rising fortunes at a weekend party congress held in Leipzig where they rallied around the telegenic Mr. Schroeder as the candidate who they hope will be able to restore them as Germany's dominant political party.

Ninety-three percent of the more than 500 delegates approved Mr.

Schroeder's nomination to become the next chancellor. The support pleased Mr. Schroeder, whose pro-business attitudes have played well among voters, but dismayed some of the party's die-hard leftists.

The congress also approved a centrist election manifesto that emphasizes the need to cope with the challenges of a global economy and new technologies. Mr. Schroeder hailed the manifesto as the most "market-oriented" platform in the Social Democrats' history.

In a rousing two-hour speech, Mr. Schroeder lambasted Mr. Kohl as the "chancellor of unemployment" and claimed that after 16 years the country had grown weary with a government that "no longer is capable of focusing and stimulating the creative talents in Germany."

He said that Mr. Kohl's tenure had been unhealthy for a modern democracy because it bred "paralysis, stagnation and crippling pessimism" in dealing with Germany's social and economic problems.

Mr. Schroeder pledged to trim Germany's bloated bureaucracy and curb the sprawling state sector, which now controls more than half of the nation's economy. "We don't want the government in our faces anymore, but at our sides," he said.

Mr. Schroeder, 54, has shrewdly played to the country's yearning for change by stressing Germany's tardiness in bringing a new generation to power.

He promised the Social Democrats that he would emulate the electoral triumphs of rejuvenated Socialist parties

in France and Britain and introduce a fresh, modern approach to government.

Following the script of his role model, Prime Minister Tony Blair of Britain, Mr. Schroeder vowed to reduce taxes and find innovative ways to get people off welfare.

But Mr. Schroeder skirted the central question that many Germans are starting to ask: If the Social Democrats emerge as the biggest party after the election, will they shirk the idiosyncratic Greens in favor of a grand coalition with the Christian Democrats?

Mr. Kohl has ruled out the idea and said he would retire before playing second fiddle to his Social Democratic rival. But Mr. Schroeder has said he would keep all options open until the final votes are counted Sept. 27.

Adams Tries a Sinn Fein Balancing Act

By James F. Clarity
New York Times Service

DUBLIN — Since the announcement of a Northern Ireland peace agreement, Gerry Adams, leader of the Irish Republican Army's political wing, Sinn Fein, has taken two quite different approaches with different Roman Catholic political groups in seeking to win their support for the agreement in next month's referendum.

With Sinn Fein moderates, he says he opposes guerrilla warfare between Northern Ireland's Catholic minority and Protestant majority and gently advocates the new agreement as a step toward the republican goal of a united Ireland.

But with hard-liners in Sinn Fein and the larger republican movement, he says he can understand why they despise the agreement as a sellout of principles and why they want to continue the "armed struggle." He has even praised as heroes the IRA guerrillas who have killed hundreds of people in their fight to force Britain out of the North.

Mr. Adams was among the political leaders who approved the agreement April 10. But republican hard-liners' vigorous criticism of the accord has been pushing him to say the things he knows will please those zealots who believe the IRA is wrong to observe a cease-fire and that Mr. Adams is a traitor.

Mr. Adams has been assisted in his campaign by the way in which the peace agreement was approved. It was formally announced in Belfast by George Mitchell, the former U.S. senator who was chairman of the peace talks. Although Mr. Adams and seven other Northern Irish party leaders conveyed their verbal support for the agreement to Mr. Mitchell, they signed nothing.

This has enabled Mr. Adams to have

it both ways: To moderates in the republican movement, he approved the agreement. But to hard-liners, he signed nothing and did not commit Sinn Fein to anything.

Mr. Adams's primary concern is to avoid a split in his party that could weaken it in the referendum to be held May 22. Early newspaper polls have shown heavy Sinn Fein support for the agreement.

On Saturday, however, a conference of Sinn Fein leaders in Dublin voted to postpone for two weeks a decision on whether to endorse it.

Irish and British officials say that if Sinn Fein walked away from the document and refused to take part in the new political structure envisioned for the North, the peace effort would collapse into a new round of terrorist attacks by both sides.

To placate the republican hard-liners, after the April 10 announcement, Mr. Adams and Martin McGuinness, the party's chief negotiator, immediately went out to make their case.

On April 12, at a celebration marking the anniversary of the 1916 Easter Rising, the most important date in Irish republican consciousness, Mr. Adams told a republican group in County Tyrone, Northern Ireland, that the agreement was "another phase of our struggle." Acknowledging that he had not won a united Ireland, he went on to praise the IRA guerrillas for their "tenacity and commitment," adding that he was paying tribute "not just to their role when they make war but also to their role when they provide the opportunity for making peace."

Since 1969, the IRA has been responsible for about half of the 3,200 deaths in the fighting in Northern Ireland. Mr. Adams was admitted to the peace talks on the condition of an IRA

gaged in a fairly bitter debate over the details. The general public, though, seems to have ignored the arguments and eagerly embraced the chance for peace.

Opinion polls last week suggested that voters in Northern Ireland support the deal by 73 percent to 14 percent, with 13 percent undecided. In the Republic of Ireland, 61 percent of those surveyed supported the agreement, while 20 percent opposed it, with 19 percent uncertain. Referendums will be held May 22 in Northern Ireland and in the Republic, and voters both in the north and in the south must approve the plan for it to become law.

Delegates of the Ulster Unionist Party voted 540 to 210 to approve the plan, providing a major burst of momentum for backers of the agreement reached April 10 as voters begin to focus on the impending referendum that will determine whether the peace plan takes effect.

Since the multiparty agreement was reached, politicians here and in the Republic of Ireland to the south have engaged in a fairly bitter debate over the details. The general public, though, seems to have ignored the arguments and eagerly embraced the chance for peace.

Walking into the party meeting Saturday, he said, "I encountered about 80 excited journalists on the street—and about four excited members of the public."

Still, endorsement by Mr. Trimble's party was considered necessary for approval of the peace plan. A "no" vote presumably would have left voters too confused and frightened to accept the plan.

If the party conference had not backed the plan, Mr. Trimble said, "I would have gone to Downing Street and said, 'The referendum is off.'"

Leaders of the largest nationalist party in the province, the Social Democratic and Labor Party, have already endorsed the peace plan. With the overwhelming vote Saturday from the Ulster Unionist leadership, the agreement now has the support of the largest political parties in both camps.



Gerry Adams, left, and Martin McGuinness of Sinn Fein in Dublin.

Havel Is Placed On Respirator To Help Lung

The Associated Press

VIENNA — President Vaclav Havel of the Czech Republic was on an artificial respirator Sunday and in a medically induced sleep after he underwent an unexpected procedure to clear a lung Saturday, doctors said.

Doctors at the University Clinic in Innsbruck cleared a lung Saturday after it became blocked with fluids.

Mr. Havel underwent surgery Wednesday for a ruptured colon and acute peritonitis.

"He is now in a sleep induced by medication and on a respirator," said Werner Lingenauf, a physician at the clinic.

Dr. Lingenauf said the Czech president was put on an artificial respirator so that those parts of the lung that had been cleared would remain open, "because there is a tendency that they may become blocked again."

Dr. Lingenauf said it was not possible to say how long artificial respiration would be required.

Mr. Havel, who is under intensive care, has a fever because of the lung problem, the Austria Press Agency quoted other doctors as saying.

His circulatory system was stable, they added, and all other organs were functioning well.

On Sunday, the president underwent another computer tomograph examination, which did not reveal any inflammation or abscess in the abdominal area, the Czech news agency CTK quoted an official from the presidential office, who is in Innsbruck, as saying.

Ulster Unionists Approve Peace Plan

By T. R. Reid
Washington Post Service

BELFAST — Responding to the palpable yearning for peace among their constituents, leaders of Northern Ireland's largest political party have strongly endorsed the new agreement designed to end almost 30 years of street warfare and terrorism in this British province.

Delegates of the Ulster Unionist Party voted 540 to 210 to approve the plan, providing a major burst of momentum for backers of the agreement reached April 10 as voters begin to focus on the impending referendum that will determine whether the peace plan takes effect.

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Richard Lugner, a candidate, and his wife voting Sunday in Vienna.

Klestil Is Re-elected Austrian President

Agence France-Presse

VIENNA — President Thomas Klestil was comfortably re-elected to a second six-year term Sunday, the Interior Ministry announced after all votes were counted.

The 65-year-old conservative head of state scored 63.49 of the vote, against 13.53 percent for Gertraud Knoll, a Lutheran bishop, his nearest rival among the four challengers.

"I am happy and contented that such a clear majority of Austrian men and women have given me their confidence," he told the APA news agency, saying that the vote was "a clear confirmation of my fair and nonpartisan office."

The president of Austria, which takes over the six-month rotating presidency

of the European Union on July 1, has a relatively powerless role when government is functioning normally.

Mr. Klestil is an ardent advocate of North Atlantic Treaty Organization membership for Austria.

Of the other candidates, third place was taken by the leader of the centrist Liberal Forum, Heide Schmidt, with 11.08 percent, just ahead of Richard Lugner, a building tycoon, with 9.34 percent. Karl Nowak, an anti-NATO and anti-EU candidate, got 1.96 percent, according to the exit polls.

Turnout was 73.85 percent of the country's 5.8 million voters, relatively low for Austria, where more than 80 percent of electors usually go to the polls.

Mr. Klestil, dubbed "Emperor Klestil" by the Austrian magazine Profil, virtually ignored his adversaries and refused to take part in any televised debate with them. A former diplomat, he was first elected in 1992 on the ticket of the conservative Austrian People's Party. In this election he ran as a no-party candidate.

His path back into the Hofburg Palace was cleared when the Social Democrats, who govern along with the Austrian People's Party, agreed not to put up a candidate against him.

Chancellor Viktor Klima, a Social Democrat, welcomed the vote Sunday evening, saying it showed that the Socialists' decision not to put forward its own candidate was sensible.

The Shroud of Turin: Revisionists Cast Doubt on the Doubters

By Alessandra Stanley
New York Times Service

TURIN, Italy — Faded, worn and so fragile it had to be stitched to a white lining to keep it from disintegrating, the Shroud of Turin was put on public display this weekend for the first time in 20 years.

Hung lengthwise over purple drapery high in the dark nave of the Turin Cathedral, the shroud bears the faint traces of a man's face, limbs and folded hands, visible even behind the bulletproof, hermetically sealed glass casing and steel frame.

Millions of Christians believe that the 14-foot-3-inch by 3-foot-7-inch (4.34 meters by 1.06 meters) linen cloth, imprinted with the image of a man's face and tormented body, is the burial shroud of Jesus. It is one of the most famous and venerated religious objects in the Roman Catholic Church. Even for nonbelievers, questions about its provenance have kept the shroud the subject of intense debate.

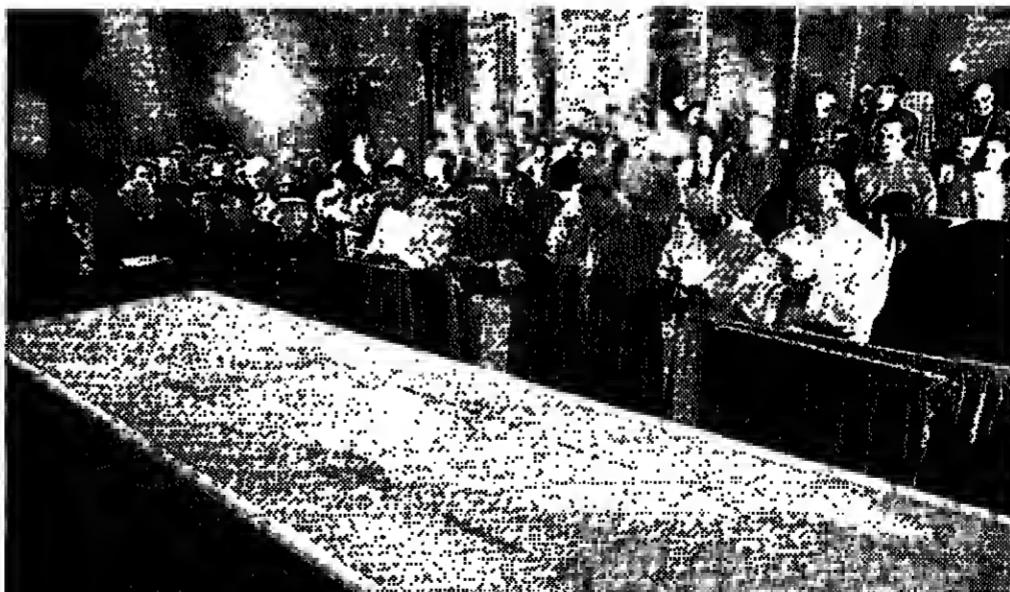
"It is unique, there is no other," Cardinal Giovanni Saldarini, the Archbishop of Turin, said Saturday. "The word 'relic' is incorrect and inadequate. It is an icon that speaks to us of the passion of Christ."

After carbon-14 dating tests in 1988 led a group of scientists to place the cloth's date between 1260 and 1390, and suggested it was most likely a medieval forgery, the Shroud of Turin lost some of its mystery but little of its fascination.

The shroud, which until now was kept rolled around a wooden stake and stored in a silver casket, became the reigning symbol of the clash between science and religious belief.

Now, at its unveiling, for the fourth time in this century and at the cathedral's 500th anniversary, there are scores of revisionist scholars who are casting doubt on the doubters and broadcasting their findings over the Internet. On the cusp of the millennium, the shroud has taken on yet another significance — the odd marriage of ancient faith and cyberspace.

In 1978, many of the 3 million pilgrims had to wait 16 hours in line to see the shroud. Now, visitors can reserve a viewing time by telephone or over the Internet, and 835,000 have already signed up.



After dating tests in 1988, the shroud lost some of its mystery but little of its fascination.

More than 3 million pilgrims and tourists are expected to travel to Turin to see the shroud, which will be on view until mid-June. The Pope, who was born in 1978 when he was the archbishop of Krakow and again in 1980 in a private viewing, also plans to make the pilgrimage, on May 24. But as of this week, millions more will be able to click onto a live Internet hookup to the nave of the cathedral.

<http://sindone.turino.chiesacattolica.it>

More detail, theory and countervision of the relic's history are chronicled and debated on more than 30 Shroud of Turin Web sites, including the Web page of the Turin Fire Department, which proudly recounts how a 44-year-old firefighter, Mario Tremante, rescued the shroud during an accidental fire April 11, 1997, that destroyed the chapel built to house it.

Preparations for the viewing began more than a year ago and went on until the last minute. Clenching pins in their mouths and wearing tape measures around their necks like tailors, a Carmelite nun gingerly sewed the flimsy cloth to its linen and felt lining late on Thursday.

"I had never seen it before," said one of the first people to view it Saturday, Maria Gabriella de Savoia, 57, whose family took possession of the shroud in 1453. "It is very striking and very beautiful." Her father, Umberto II, who was the last king of Italy until he was sent into exile in 1946, bequeathed it to the Pope at his death in 1946. "It is oot Christ, it is real,"

she said.

The princess said. "Bot I believe it is."

Scientists have long questioned the shroud's authenticity, but over the last few years, an army of revisionist scholars has revisited the evidence, using new techniques to uncover clues that contradict the carbon-dating. Last year, Avinoam Danin, an Israeli plant expert at the University of Jerusalem, published a report after analyzing threads from the linen and detected traces of

EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**Kabila Goes Too Far**

The United Nations has been looking into frightful allegations that President Laurent Kabila of Congo, inferior to the realm and, it increasingly seems, to the manner of Joseph Mobutu, massacred tens of thousands of Rwandan refugees. Mr. Kabila's response has been to harass and intimidate the UN team to a point now compelling Secretary-General Kofi Annan to pull out the investigators.

For many people, this will be all they need to know to make a judgment on the mass murder allegations against Mr. Kabila. Why else but to cover up an involvement in killing would be insult the United Nations and put his international standing on the line?

It is not that the United Nations has been pushy or peremptory with regard to President Kabila. On the contrary, his accession was welcomed as a new broom to sweep up after the crashed President Mobutu. Doubts about him were widely suppressed.

Encouraged by the Clinton administration, Mr. Annan saw to the removal of the chief investigator ap-

pointed by the UN Human Rights Commission, and otherwise deferred to Mr. Kabila's views on how the team should be run.

This is the same President Kabila whom President Bill Clinton met just last month in Uganda. Mr. Clinton praised him for ousting the late President Mobutu but warned about his record since, stating, "You haven't come this far to fail."

Inconvenient as the exercise may be, President Kabila's conduct makes it unavoidable to ask whether he is the solodon or the problem of post-Mobutu Congo.

His readiness to stick a finger in the eye of an American president who had taken his side is far from the most egregious of his offenses. Truly grave is his repudiation of an accredited, rule-abiding UN human rights mission. To let him get away with it would strike a direct blow at the integrity of the United Nations. Why should be permitted to retain his seat one more day in the organization he defies?

—THE WASHINGTON POST.

No Progress in Iraq

"It was clearly apparent that all sites had undergone extensive evacuation. In all the sites outside of Baghdad, for example, there were no documents and no computers. The buildings were largely empty.... Iraq's explanation for this was that such measures were taken in anticipation of a military strike."

So much for the United Nations' victory in winning access to Iraq's "presidential sites."

This was the issue, you recall, that stymied UN inspections of Iraqi nuclear, chemical and biological weapon capabilities, led to a buildup of U.S. forces in the Gulf and culminated in February in a deal negotiated by UN Secretary-General Kofi Annan with Iraq's dictator Saddam Hussein — a deal portrayed by the Clinton administration as a victory for its combination of diplomacy and show of force.

Now UN weapons inspector Charles Duelfer has reported to Mr. Annan. He notes that Iraqi cooperation since the agreement has been "satisfactory" and that the presence of senior diplomats, added to inspection teams by order of the Annan-Saddam agreement, "worked out generally well." But his report raises questions about who really gained from the months-long crisis that Saddam generated.

The Clinton administration said the presence of diplomats and Mr. Annan's promise to respect Iraq's "national security, sovereignty and dignity" would not make inspections more cumbersome. In fact, Mr. Duelfer says diplomats did at times challenge and argue with UN inspectors, "supporting Iraqi views against those of Unscosm," as the inspection commission is known. "Such problems are likely to re-emerge in the future, especially when true no-notice inspections are conducted," he said.

Iraqis outnumbered inspectors by

—THE WASHINGTON POST.

Watch Your Medicine

A report last week estimated that more than 100,000 hospital patients die in the United States each year from adverse drug reactions, more than from diabetes, pneumonia or many other serious illnesses. According to the report, in the Journal of the American Medical Association, an additional 2 million hospital patients suffer non-fatal reactions to drugs. What makes these numbers especially alarming is that the study says it does not count drug incidents resulting from mistaken prescriptions by doctors or the administration of wrong doses by nurses.

The numbers, nevertheless, may be somewhat misleading. Much of the data come from teaching hospitals, which treat sicker patients and administer more risky drugs, and therefore produce more adverse drug reactions than do other hospitals. The study also uses a controversial technique that combines imprecise studies to reach a statistically definitive conclusion.

The nation's leading expert on drug incidents in hospitals, Dr. Lucian Leape of Harvard Medical School, says the report leaves unanswered how many of the estimated drug reactions are truly mistake-free. Some cancer drugs are particularly dangerous and risk damaging the heart or other vital organs. Mishaps from these drugs are

—THE NEW YORK TIMES.

inevitable no matter how careful a hospital's procedures. But other drugs — like Coumadin, which controls blood clotting — pose risks that can be partially controlled by scrupulous monitoring and recalibration. The report does not say how many of the estimated fatalities and other problems could have been avoided with better monitoring procedures.

Besides mistake-free accidents, perhaps an additional 200,000 hospital patients suffer preventable injuries.

Dr. Leape and his colleagues help hospitals devise procedures for preventing wrong prescriptions and incorrect doses. But many error-prevention procedures are not commonly used. One reason is that neither federal, state nor private systems are in place to track drug mishaps, the first step toward prevention.

There is no epidemic of drug accidents. Two million adverse reactions represent less than 1 percent of the more than 200 million drug treatments administered to hospital patients each year. Nor can drug-related injuries and deaths be eliminated, no matter how scrupulous the nation's hospitals become. But there would be fewer if more hospitals paid more attention to the problem.

—THE NEW YORK TIMES.

America's Big African Problem Is Named Nigeria

By John J. Stremlau

JOHANNESBURG — Bill Clinton's stated vision of a new partnership with Africa assumes that trade expansion, respect for human rights and democratic development will be mutually reinforcing. This clashes with the current facts of U.S. economic engagement in Africa.

According to the U.S. Commerce Department, 84 percent of American trade with and investment in sub-Saharan Africa involves only four of the region's 48 countries. Three are oil producers — Nigeria, Angola and Gabon — and the other is South Africa.

America has an \$800 million trade surplus with South Africa, and gives back less than one-tenth to aid post-apartheid development.

With the other three countries the United States runs an annual trade deficit of \$9 billion. This is roughly 12 times what America provides the rest of Africa in bilateral assistance, and equals sub-Saharan Africa's overall trade surplus with the United States.

Substantial trade and investment ties with the United States have done little to foster democracy and respect for human rights in war-torn Angola or tiny autocratic Gabon. But it is in Nigeria that a huge trade surplus with the United States now runs counter to other important U.S. interests.

As America's leading trading partner in Africa, the military government of General Sani Abacha reaps an an-

nual windfall of \$5 billion for oil sales, approximately half of Nigeria's hard currency receipts. With that he is able to maintain control at home and buy influence abroad, thereby sustaining highly corrupt, repressive and unstable rule over Africa's biggest country.

General Abacha promises to restore democracy by Oct. 1, but it appears that he will remain in power with only a change into civilian clothes.

Nigeria is a fragile polyglot country of 100 million people mired in poverty, ethnic unrest and alienation. Two years ago the U.S. government survey "Global Humanitarian Emergencies" placed Nigeria at the top of its warning list of potential catastrophes. Turmoil there could engulf all of West Africa.

This specter is far worse than the 1967-1970 Nigerian civil war in which more than a million people died. Mr. Clinton now declares that he wishes the United States had done more to prevent genocide in Rwanda. It risks making the same mistake in Nigeria.

What can be done? Pope John Paul II took a courageous step in going to Nigeria last month and appealing publicly for the release of 64 political prisoners, respect for human rights and a swift return to democracy.

Almost simultaneously, the International Labor Organization declared Ni-

geria second to Burma in abusing the rights of labor leaders.

Last Wednesday the United Nations' special human rights rapporteur on Nigeria, Soli Jahanir Sorjee, issued a damning report cataloguing abuses of judicial rights, deaths in detention, juvenile executions and other offenses.

The United States, which consumes 45 percent of Nigerian oil, cannot rest on rhetoric. Nor can it wait for consensus to develop among African and African-American leaders, several of whom have been bullied or bribed into defending General Abacha.

Mr. Clinton should level with Congress and the public about the dangers of a failed political transition in Nigeria. He should speak frankly about the possible need for an oil embargo, as he did about the possible need for armed force against Saddam Hussein earlier this year.

This will not be easy. Americans care little where their oil comes from, so long as it is cheap. And with oil embargoes in effect against Iraq, Iran and Libya, the president is understandably reluctant to take on corporations and consumer groups opposed to more sanctions. Yet were Nigeria in erupt in mass violence, it would not only cause immense human suffering. It would probably force oil companies to cease operations.

Short of an embargo, the United States could apply financial sanctions

directed at curtailing the junta's international financial transactions.

In addition, America should convene a "contact group" with Britain, France and other countries with major stakes in Nigeria, much as was done to facilitate political change in Southern Africa, Cambodia and Central America.

The group should adopt a three-pronged approach of dialogue with General Abacha, pressuring him with sanctions while offering maximum possible financial and technical support for Nigeria's much abused but vibrant civil society. This is similar to the strategy eventually applied against South Africa's apartheid government.

The situation is becoming critical. The short-term aim must be release of all political prisoners and sufficient political space for a real transition to be negotiated among the country's diverse elements, with adequate international supervision and protection. A national conference to reaffirm a constitution could be the first major step.

It is pointless to talk of a new era in U.S.-African relations if Washington is unwilling or unable to foster greater respect for human rights and an end to military oppression in Nigeria.

The writer heads the Department of International Relations at the University of the Witwatersrand, Johannesburg. He contributed this comment to the International Herald Tribune.

High-Tech Wizards Can't Win Without Smart Politics

By Thomas L. Friedman

PALO ALTO, California — What is striking about Silicon Valley is that it has become so enamored of its innovative and profit-making prowess that it has lost sight of the overall context within which this is taking place. There is a disturbing complacency here toward Washington, government and even the nation.

There is no geography in Silicon Valley, or geopolitics, only stock options and electrons.

When I asked an all too typical tech-exec here what he was the last time he talked about Iraq or Russia or foreign wars, he answered: "Not more than once a year. We don't even care about Washington."

"Money is extracted from here not to our Saddam Hussein's palaces but to determine whether Iraq, a defeated aggressor, had given up its weapons of mass destruction, as promised. Toward that goal almost no progress has been made in the past six months, according to chief UN arms inspector Richard Butler; in fact, all evidence points to the contrary.

Soon Iraq, friends and would-be commercial partners can be expected to resume lobbying for aphony certificate of compliance. The last time that happened, America found itself with no appealing options. One wonders whether it is using this interval to put itself in a more advantageous position next time around.

—THE WASHINGTON POST.

Having had plenty of time to sanitize the palace sites, Iraqi officials now maintain that they have fulfilled their obligations and may not have to let inspectors back in. As Mr. Duelfer says:

"We have had plenty of time to sanitize the point here was not to our Saddam Hussein's palaces but to determine whether Iraq, a defeated aggressor, had given up its weapons of mass destruction, as promised. Toward that goal almost no progress has been made in the past six months, according to chief UN arms inspector Richard Butler; in fact, all evidence points to the contrary.

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—THE WASHINGTON POST.

There is nothing in the case in suggest that this man was railroaded or that capital punishment was a cruel and unusual act in the context of the U.S. judicial system. But the fact that he was a Paraguayan citizen

fighting forces and insurrections are paid for by all the tax dollars that Washington is "wasting" every year.

Because of the intense competition here among companies and the continuous flood of new products, there is a saying in Silicon Valley that "loyalty is just one mouse-click away." But you can take that too far.

Executives say things like: "We are not an American company. We are IBM U.S., IBM Canada, IBM Australia, IBM China." Oh yeah? Well, the next time you get in trouble in China, then call Li Peng for help.

And the next time Congress closes another military base in Asia, and you don't care because you don't care about Washington, call Microsoft's navy to secure the sea-lanes of Asia.

And the next time the freshman Republicans want to close more American embassies, call

who had not been advised by local police of his right, established by international treaty, to consult with a Paraguayan diplomat at the time of arrest lifted this case off the blotter into an affair of state.

Angel Francisco Breda, 32, had told an Arlington jury that he was acting under the influence of a satanic curse when he stabbed Ruth Dickie, 39, five times in the neck during a sexual assault in 1992.

There is nothing in the case in suggest that this man was railroaded or that capital punishment was a cruel and unusual act in the context of the U.S. judicial system. But the fact that he was a Paraguayan citizen

—THE WASHINGTON POST.

But U.S. institutions still resist accepting the kind of mutual limitations on sovereignty that other countries have accepted to enhance interdependence.

This conundrum surfaced clearly in the Breda case.

In appealing for a delay in the execution, Secretary of State Madeleine Albright pointed to Virginia Governor James S. Gilmore 3d that American citizens arrested abroad would be more vulnerable to having their right to consular access denied if Virginia did not give some sign of recognizing the obligations imposed on all its signatories by the Vienna Convention on Consular Relations.

The United States praises and actively works to spread that interdependence when it benefits American corporations, investors and workers abroad.

Arrested in a country where he had very good odds of getting a fair trial and due process. There are plenty of countries where access to a U.S. diplomat can be the difference between wrongful imprisonment, or worse, and freedom. For his or her next business trip to the Congo, Belarus or Syria, an American must hope that the Breda case did not get much coverage there.

Mr. Albright sought only a delay in the execution and further discussion of the case. But Mr. Gilmore refused her plea 90 minutes after the U.S. Supreme Court brushed off an order from the International Court of Justice in The Hague to stay the execution, which was carried out by lethal injection on Tuesday.

Several of the issues raised here are of sufficient difficulty to warrant less speedy consideration," Justice Stephen G. Breyer wrote in a dissenting opinion to the majority's unsigned, brusque dismissal of the international court's assertion of standing in an American criminal case.

The court was not expressing a political judgment. But culturally the majority ruling reflects a deeply ingrained American attitude of exceptionalism.

The same attitude underlies strong opposition at the Pentagon and on Capitol Hill to efforts at the United Nations to

create a new International Criminal Court that would be able to subpoena and evict American citizens, along with all other nationalities, in war crimes trials.

The Clinton administration, fearful of getting whipsawed domestically by its own generals and Jesse Helms, is moving cautiously in the closed-door discussions of the new court, due to be unveiled this summer at an international conference in Rome. The White House works to avoid being accused of opposing the court by its international supporters as hard as it works to avoid being accused of supporting it by its foes.

But there is no more important new subject on the international agenda than the necessity of balancing the human need for justice and retribution with the state's interest in stability and reconciliation.

This is the paramount topic in places as diverse as South Africa, Rwanda and ex-Yugoslavia today, and a topic in need of clear moral and political leadership from the most powerful nation on the globe.

It is not enough to glory in the spread of the Internet or of open capital markets or of U.S.-dominated military alliances. Those are instruments, not values. America should be shaping the new judicial system to come, not standing completely outside it.

—The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO**1898: 'Gracias a Dios'**

MADRID — It was in one of the most fashionable cafés here that a gentleman entered and announced that the action of the House and Senate made the breaking out of war certain. "Gracias a Dios!" was the chorus which greeted him. And that sentiment reflects the public opinion here, which has been keenly in favor of ending the suspense of waiting and no good coming. The strain has been intense, and now that war has come — for it is inevitable — it is received as though a big load has been removed.

There is an asymmetry between government and business. Liberty demands that the first be democratic and thus powerful, and that the second be entrepreneurial and competitive and thus free of garrantism.

Anything else is hypocrisy: private greed parading as public philosophy.

The writer, a professor of political science at Rutgers University and author of "A Place for Us: How to Make Society Civil and Democracy Strong," contributed this comment to The New York Times.

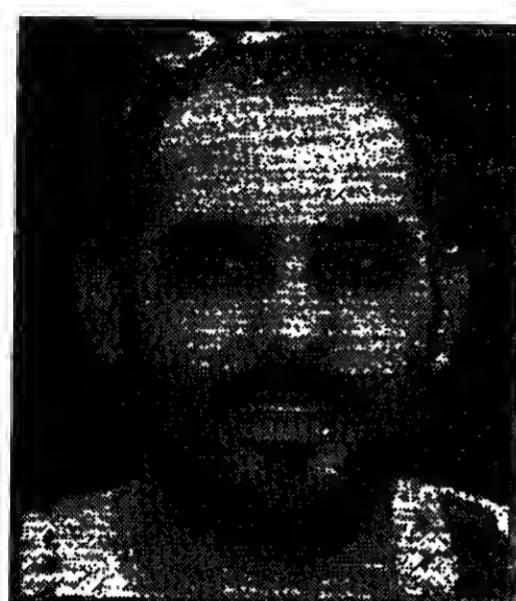
1948: All-Jewish City

JERUSALEM — Tiberias, the capital of Lower Galilee, became the world's third all-Jewish city when its Arab minority was evacuated by British forces under heavy pressure from Hagannah, the Jewish Army. The city has been under almost continuous fire for ten days. The Arab minority, crowded next to the sea and reportedly defended by Arab troops, was put under British Army guard and moved in trucks to Nazareth. The city now ranks with Tel Aviv and Petah Tiqwa, both in western Palestine, as an all-Jewish stronghold.

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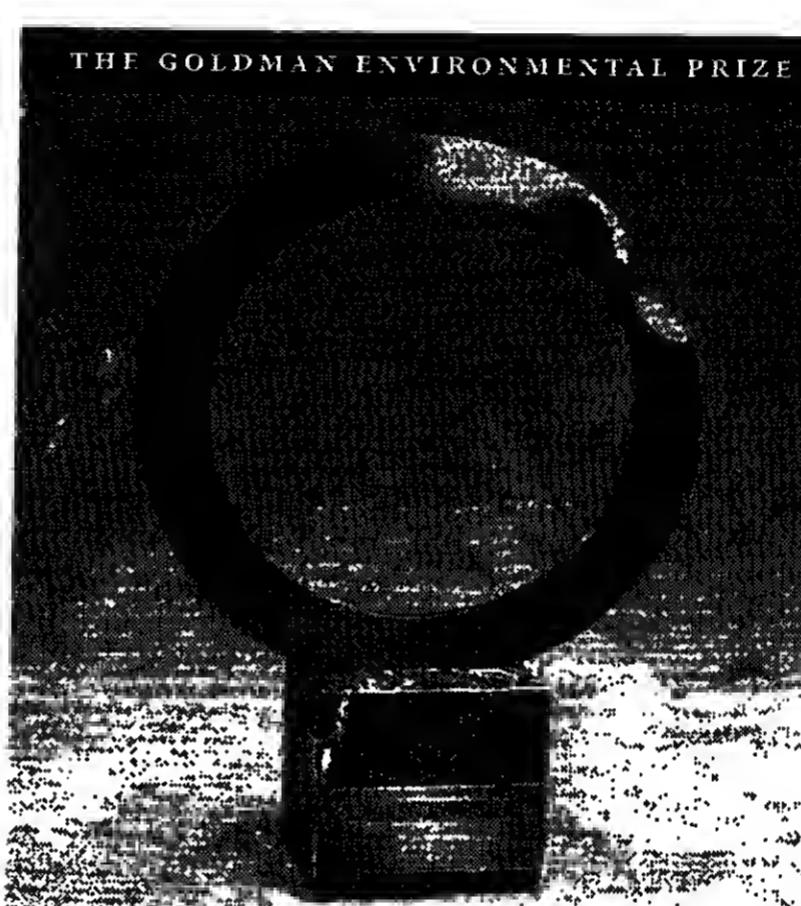
THE 1998 GOLDMAN ENVIRONMENTAL PRIZE

ORDINARY PEOPLE, EXTRAORDINARY COMMITMENT.



AFRICA

Sven "Bobby" Peck (South Africa), a native of the highly industrial South Durban area, grew up next to a refinery pumping out 60 tons of sulfur dioxide a day and as a youth suffered from severe respiratory illness. Now a tireless champion of environmental justice, Peck has skillfully united his racially divided community, which last year succeeded in closing an illegal toxic dump in his neighborhood.

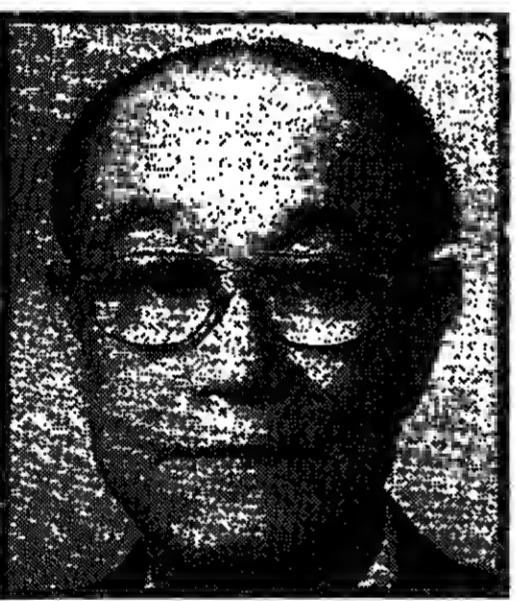


THE GOLDMAN ENVIRONMENTAL PRIZE



ISLAND NATIONS

Atherton Martin (Dominica) has used extensive local and international organizing to overcome strong government opposition and stop a proposed copper mine. The mining operation would have devastated 10 percent of the original tropical rainforests still covering Dominica. Known as "the Nature Island," Dominica harbors some of the greatest biodiversity in the Caribbean.



ASIA

Hirofumi Yamashita (Japan) has dedicated more than a quarter of a century to fighting a land reclamation project slated for Isahaya Bay, one of the richest wetlands in the world. While the project was scaled back due to his efforts, a massive dike has been built. Yamashita is now leading a crusade to force a thorough review of the project aimed at opening the gates to the bay and restoring the ecosystem.



EUROPE

Anna Giardano (Italy) has launched a campaign in defense of migrating raptors targeted for sport by poachers in Sicily where she lives. After narrowly escaping irate hunters who firebombed her car, Giardano has persevered and the number of birds killed each spring during the annual migration has dropped significantly.

"Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it is the only thing that ever has."

—MARGARET MEAD

Ordinary people who accomplish extraordinary things, Goldman Environmental Prize winners bring Margaret Mead's words to life. With the Earth's environment threatened as never before, our best hope lies in learning how much of a difference each one of us can make, wherever and however we live.

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We salute the courage, persistence and vision of this year's winners who through their efforts are making this world a better place for all living things.

Richard H. Goldman



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Visit our website: www.goldmanprize.org/goldman



NORTH AMERICA

Kory Johnson (United States) was just nine years old in 1989 when she founded Children for a Safe Environment in reaction to her sister's untimely death. Since organizing a successful youth campaign that helped stop a proposed incinerator in Phoenix, Arizona, Johnson has led other efforts to combat environmental health threats to children, especially those living in low-income communities.



SOUTH AMERICA

Berita Kuwar U'wa, aka Roberto Cobaria, (Colombia) has waged an international campaign on behalf of his indigenous tribe, imploring multinational oil companies not to drill for oil in the remote homeland of the U'wa, a deeply traditional people who believe that oil is the blood of the Earth. Kuwar and 5,000 other U'wa have pledged to throw themselves off a 1,400 foot cliff if the unauthorized drilling proceeds.

INTERNATIONAL

Does Israel Need All That U.S. Aid?

As Its Economy Takes Off, Some Readjustment Seems Inevitable

By Philip Shonan
New York Times Service

WASHINGTON — Israel's newfound economic success through its embrace of high-profit, high-technology industries has led many Israelis and Americans to question why the nation still needs so much foreign aid from the United States.

Israel is the largest beneficiary of U.S. foreign aid — by far. It received \$3 billion in American economic and military assistance last year, a figure that has held steady for several years even as the overall foreign-aid budget has been slashed at the demand of Congress.

Egypt is in second place in the ranking of beneficiaries, receiving about \$2 billion last year. The two countries were rewarded with huge packages after the 1979 Camp David peace accords, and together they account for about 40 percent of the U.S. foreign-aid budget.

But today the Israeli government is being forced to admit the obvious: While U.S. aid money is welcome, it is no longer a necessity.

There was widespread applause — and relief — among U.S. lawmakers in 1996 when Prime Minister Benjamin Netanyahu vowed "economic independence" before a joint session of Congress, offering "to begin the long-term process of gradually reducing the level of your generous economic assistance to Israel."

What that means is still in debate.

The Israeli government has proposed a phaseout of the \$1.2 billion in economic aid now promised to Israel in exchange for a one-third increase in military assistance over the next 10 to 12 years. Military aid would grow to \$2.4 billion a year from \$1.8 billion under the plan. This would mean an overall reduction in the aid package of \$600 million a year, or 20 percent.

Representative Sonny Callahan, an

Alabama Republican who heads the House Appropriations subcommittee that oversees aid to Israel, said last month that the Israeli proposal to reduce aid was "a tremendous recognition of accomplishment" — an accomplishment on the part of both countries.

But others in Congress think the Israelis should be willing to accept far larger cuts, although few are willing to say so publicly for fear of offending the U.S. Jewish community or Israel's powerful lobby on Capitol Hill.

A congressional aide put it: "Many people here consider it a taboo subject, but the fact is that the Israelis have got to understand that other, far more needy countries are being cut off completely from American aid. Yes, they are talking about ending the economic aid, but they're also talking about a big increase in military aid."

The initial Israeli proposal also drew criticism because of Jerusalem's request that it be permitted to spend more of its military aid in Israel. Under the current package, Israel is limited to spending no more than 25 percent of the U.S. military aid in Israel. Israeli officials' request to spend more of the aid at home has alarmed U.S. defense contractors.

The United States has not always been so generous with Israel. In the first years after its creation in 1948, Washington provided almost no direct support. The first significant aid, totaling \$86.4 million, was made available in 1952.

Israel's overwhelming victory in the 1967 Middle East war led to a rethinking of U.S. strategy in the region — and the spigot of aid for Israel finally opened wide.

The annual aid package for Israel grew from \$13.1 million in 1967, to \$76.8 million in 1968, to \$600 million in 1971. By the late 1970s, Israel had become the largest single recipient of U.S. aid.

The Camp David agreement in 1979 between Israel and Egypt led the United States to promise large aid packages to both nations. By 1985, the annual package for Israel totaled about \$3 billion. The figure has changed little since then.

During much of the 1980s and early 1990s, U.S. assistance was all that stood between Israel and economic collapse. But with the turnaround of the Israeli economy, that has changed.

An Israeli Army spokesman, Oded Ben-Ami, said that Palestinian police and Israeli troops were cooperating in the search.

Israeli soldiers detained three Arab men and a boy for questioning near the scene of the shooting.

The soldier who was killed was identified as Dov Dribbin, 28.

Israeli radio said he was the father of four children.

"The settlers are trying to take our

land," said Ibrahim Dabasha.

"It's not the first fight we've had with them."

A third settler was slightly injured in the incident, which took place on a dirt road leading to the Jewish settlement of Maon, in the rocky hills south of Hebron.

Israeli Army helicopters scoured the hills, searching for the assailants, and soldiers conducted a house-to-house search of the nearby Palestinian village of Yata.

Colonel Yigal Sharon, the Israeli Army commander for the Hebron area, said that a confrontation had occurred and that one of the Bedouin had seized a settler's gun and opened fire on it.

Colonel Sharon said there had been a long-standing conflict over land in the valley where the shooting occurred.

One of the Bedouin involved in the clash disputed Colonel Sharon's account, saying that the casualties had occurred after a settler opened fire wildly.

"The settlers are trying to take our

ISRAEL: From Pioneers' Socialist Experiment to High-Tech Titan

Continued from Page 1

report prepared by the United States-Israel Joint Economic Development Group, a panel of government and private experts from both countries led by Undersecretary of State Stuart Eizenstat, praised the government for making "tremendous strides" in reforming its economy and declared that Israel now "stands at the cusp of developed-country status."

It is also true that Israel has not done it alone. For decades, West Germany and now Germany have paid reparations for the Holocaust, and, since the 1979 Camp David peace accords, the United States has been doing out a hefty \$3 billion in annual aid, \$1.8 billion of it military, making Israel by far the biggest single recipient of American foreign aid.

The success has not come without serious glitches. Current indicators point to an incipient recession. Unemployment in a country that once prided itself on finding jobs for every citizen has reached 8.2 percent, most of it concentrated in angry blue-collar "development towns." In December, rioting broke out in the Negev town of Ofakim after unemployment there reached 14.3 percent.

Tensions with the Palestinians because of the stagnation in peace negotiations under Prime Minister Benjamin Netanyahu have battered tourism, and some economists also fear the problems could also start scaring investors away.

Mr. Eizenstat, for one, warned that the impasse "is a major element in the current difficulties Israel is having," especially in tourism. Even so, he said, foreign investment could also suffer.

Another, less tangible problem is that the high-tech revolution and the global reach it has given Israel economically from its Arab neighbors, delaying even longer the dream of a "new Middle East" that accompanied the 1993 Oslo peace agreements. Today, 96 percent of Israel's exports and 93 percent of its imports have destinations outside the region.

But whatever the difficulties, and the Middle East is never without them, the trendy upper-middle-class youths hanging out at the sushi bars on Tel Aviv's Ha'Arba Street represent a remarkable evolution from the ascetic soldier-farmers of the pioneering kibbutzim.

"I remember when Tel Aviv streets were sand," said Dan Propper, president of the Manufacturers Association and a director of OSEM, a group of food manufacturing companies. "I remember convoys of camels taking orange crates to Jaffa ports, one tied to the tail of the other.

EURO: Could Single Currency Enrich Continent?

Continued from Page 1

rency, stock and bond markets far exceeds international trade or reserve movements. And the prospects for the euro in those markets are bright, the authors contend.

The combined market for government and corporate bonds in the 15 European Union nations amounts to more than \$7.5 trillion, or roughly two-thirds the size of the U.S. bond market. As national currency boundaries vanish, most European bonds are denominated in euros, traders and investors should find it easier to exchange them, increasing market liquidity and reducing transaction costs. The net effect is cheaper capital, which should foster more investment and faster growth, the authors contend.

The dramatic narrowing of interest-rate differentials between German and Italian bonds, and the development of a high-yield corporate bond market in Europe in the past year are evidence that this is already happening, said Giles Keating, head of economic research at HSBC James Capel.

Similar benefits could be in store for Europe's equity markets, Mr. Portes and Ms. Rey contend. A growing number of privatizations in recent years and burgeoning mutual-fund investment in equities has increased the capitalization of stocks in the countries expected to join the euro to the equivalent of \$3.3 trillion, nearly \$1 trillion more than Japan and Britain, lagging only behind the \$11.1 trillion U.S. stock market, according to Salomon Smith Barney Inc.

In currency markets, a single European currency stands a good chance of being used as a transaction currency because EU countries account for around 17 percent of international trade. Mr. Portes and Ms. Rey say, compared with 12 percent for the United

States. That means cheaper transaction costs for EU companies and banks, which to trade with Japan today have to exchange their Deutsche marks or francs for dollars first and then swap greenbacks for yen.

The developments in all of those markets should be mutually reinforcing, producing a snowball effect in favor of greater use of the euro at the partial expense of the dollar, the authors assert. European governments can encourage the euro's development even more by taking steps to foster the development of a single capital market, such as adopting common matures and payment dates for government bonds and abolishing banks' minimum reserve requirements, they say.

The most likely outcome, Mr. Portes and Ms. Rey contend, is that the euro will rival the dollar's international role in as little as five years, particularly if Britain, with its large capital market, joins monetary union. The capital market benefits could lift European growth by as much as 0.5 percentage point a year, a substantial and permanent lift for a bloc that has had difficulty achieving 2 percent growth in the 1990s. The United States could see its growth rate trimmed by perhaps 0.2 point a year, they say.

Many economists, however, doubt that Europe's gains will be America's losses.

Capital markets, like trade, are not a zero-sum game, said Rudi Dornbusch, an economist at the Massachusetts Institute of Technology, and European growth should actually help the bloc's trading partners.

"If Europe grows, this is a substantial benefit," he said. "It's absurd to say that the U.S. will lose anything."

That is also the view of the U.S. Treasury secretary, Robert Rubin, who reiterated last week that "anything that benefits Europe economically is good for the United States."



Tony Blair holding the hand of a Palestinian girl at a refugee camp in Jordan on Sunday. The British prime minister visited the camp, which houses 82,000 of Jordan's Palestinians, with Crown Prince Hassan, right.

Netanyahu Offers to Travel for Peace Talks

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu of Israel said Sunday that he was ready to go "anywhere" in the next month, including London, for talks to advance the stalled Middle East peace process.

He made his remarks at a joint news conference after talks with Prime Minister Tony Blair of Britain. Mr. Blair

called Mr. Netanyahu's offer "extremely important" but denied that efforts were underway to organize a new Middle East peace conference.

Mr. Netanyahu said, "I am prepared to go anywhere at any time and specifically in the next month to go to any location, possibly to London, to try and advance the process." He did not elaborate. He was speaking after more than

two hours of talks with Mr. Blair, who met him during a tour of the Middle East to present European Union ideas on how to revive peace talks between Israel and the Palestinians.

Mr. Blair said of Mr. Netanyahu's announcement, "His offer to go within the next month and to have a serious process of negotiations is extremely important."

CHINA: Seeds of Political Reform Flower in New Beijing Spring

Continued from Page 1

What started early this year as a debate among a few influential academics has moved this month into the state-run mass media, from Shenyang in the northeast to Shenzhen in the south.

"Only in a democratic environment can people dare to voice new opinions and can their intelligence, wisdom and ability be fully brought into play," Sheo Banxian, a central party school professor, was quoted as saying by the China Economic Times this month.

The Camp David agreement in 1979 between Israel and Egypt led the United States to promise large aid packages to both nations. By 1985, the annual package for Israel totaled about \$3 billion. The figure has changed little since then.

During much of the 1980s and early 1990s, U.S. assistance was all that stood between Israel and economic collapse. But with the turnaround of the Israeli economy, that has changed.

The immigrants brought a rich array of skills, especially in the sciences. Though negative stereotypes of Russians persist, rare is the high-tech company without its share of Russian programmers and technicians.

In addition, the Internet liberated computer-savvy Israeli youths from the country's biggest handicap: its isolation from markets.

"This is the modern gold rush," said Yossi Vardi, an Israeli businessman who found the financial backing for the four young founders of Mirabilis. "There were railroads, radio, television. But in cyberspace, no government has to grant a concession; you don't need a lobby. The concession is granted by people to whom you give the best product."

And Yair Goldfinger, one of the founders of Mirabilis, asked: "Why in Israel? I guess it's in the nature of the culture. Israelis have always been good commandos. They don't go by the book. They look for the cutting edge, for a way to do it."

Mr. Wang was imprisoned after Beijing cracked down on protesters around Tiananmen Square in 1989, leading to hundreds of deaths. Freed in 1993, Mr. Wang returned to his democracy activism, was rearrested in 1995 and convicted on charges of subversion.

He was serving an 11-year sentence when freed Saturday from a prison in Liaoning Province. After a medical examination, he was driven to Beijing with his parents, according to Reuters, which quoted his mother, Wang Lingyun.

"He's ill," his mother said, adding that he had suffered for months with a throat infection and headaches that the family believe are symptoms of a brain tumor.

Mr. Wang's release had been anticipated by Mr. Wei and was widely viewed as part of an arrangement worked out during Mr. Jiang's visit in October. Following Mr. Wei's release, China had freed an activist in Shanghai, Bao Ge, and Xu Shuliang, a dissident from Nanjing.

Human rights groups welcomed Mr. Wang's release, but complained that China was playing a cynical political game ahead of Mr. Clinton's visit.

"It is good news for Wang Dan as an individual, except that once again it appears to be a release condition on exile," said Catherine Baba, a spokeswoman for Amnesty International.

U.S. and Chinese officials hope the June summit meeting in Beijing will help the two sides bring an end to years of confrontation over human rights, trade and arms proliferation. The rapproche-

ment has strong opponents in Congress, who view the U.S. efforts as an attempt to impose a repressive government.

■ 2,000 Dissidents Remain in Jail

Erik Eckholm of *The New York Times* reported from Beijing:

By the government's own count, about 2,000 people remain imprisoned for the crime of "counterrevolution," a category eliminated in legal changes last year. While records are not public, rights advocates believe that thousands more political, labor or religious dissidents are serving terms of up to three years without trial or have been sentenced in jail to trumped-up nonpolitical charges such as "hooliganism" or economic "crimes."

Recently, the Chinese government has adopted a strategy of forcing some troublesome individuals out of the country. Several dissidents, in addition to Mr. Wang and Mr. Wei, have chosen exile over jail or a life of constant harassment and unemployment.

Although advocates abroad are increasingly using the Internet to spread their messages inside China, the government seems to be gambling that even prominent opponents will have less impact as exiles than as famous prisoners.

In the case of Mr. Wei, the gamble may have paid off, so far at least. While he has been an irritant since his release, lecturing governments not to be fooled by cosmetic changes in China, the United States, Europe and Japan seem intent on forging closer ties with this huge, increasingly assertive power.

Perhaps for political cover as much as for historical accuracy, Mr. Li and others in this loosely knit liberal intellectual community argue that their views grow directly from the wishes of China's leadership. Mr. Li cites a comment by the late leader Deng Xiaoping and pulls from a drawer a September speech by President Jiang Zemin, pointing to a sentence about expanding democracy.

Some people say Mr. Jiang was further encouraged to loosen controls on political debate by his October trip to the United States. In January, Mr. Jiang told the Central Discipline Inspection Commission that Asian governments were too "feudal," which some analysts took as another signal of relaxation. In March, Prime Minister Zhu Rongji held a free-wheeling press conference that further emboldened China's liberals.

The recent ferment carries extra meaning because of echoes of the past. In 1988, leading intellectuals debated political reform and held meetings on college campuses. Then, the death of Hu Yaobang, the ousted general secretary of the Communist Party and a patron of political reform, sparked student-led protests in Tiananmen Square that eventually were crushed in the bloody army crackdown in 1989.

But participants in today's debates say it is not a return of 1989. "What happened at the end of the 1980s — the 'political disturbance,' to use the prevailing political lingo — has made people cooler and more reasonable," Mr. Li said.

ARMS: U.S. Finds It Has No Control Over Weapons Sent to Europe

Continued from Page 1

European officials put it: "We object to anybody putting conditions on U.K. companies," said Steve Williams, an official in the British Department of Trade and Industry. He and other British officials said British companies were advised that they could ignore the law.

One of the major U.S. concerns is that firearms sold to a country like Britain are then sold to European countries such as Italy, Spain, Portugal and Greece. They have long sea borders that are difficult to

police, and the authorities in these countries have acknowledged that well-developed networks smuggle everything from cigarettes to basic consumer goods and guns.

British company Conroy Arms, bought 1,600 handguns in February from a U.S. company and sought the necessary export license. The application came just a few weeks before a British law went into effect that bars just about every private citizen from owning a handgun.

Given the timing of Conroy's license request, American officials concluded that

the guns were almost certainly not going to remain in Britain. Their British counterparts agreed but said there were oaths they could do, American officials said.

The Clinton administration is also considering whether to revoke the pending licenses to all European Union companies. Major concerns are Germany, for which there are valid licenses for 84,399 handguns; France, with 22,660, and Italy, with 18,803, according to the U.S. Embassy report.

HEALTH/SCIENCE**Some Solid Research to Demolish Persistent Myths of Aging**By Jane E. Brody
New York Times Service

NEW YORK—Once in a great while an outstanding health book comes along that should be featured on every radio and television talk show and in every major newspaper. Yet it fails to attract the attention it deserves because it isn't "sexy" enough. It doesn't rashly promise that you can live healthfully to 100 if only you would take this, that or the other pill, potion or dietary supplement.

"Successful Aging," by John Rowe and Robert Kahn, is such a book. It summarizes a decade of solid research, not wild speculation or extrapolation, conducted by 16 prestigious scientists among thousands of older Americans and Swedish twins. The project, sponsored by the MacArthur Foundation, involved men and women age 70 and older living in normal environments outside nursing homes and hospitals. They were repeatedly examined by researchers seeking "the positive side of aging."

The result is a highly readable, myth-shattering treatise directed at people of all ages who are interested in achieving the goal established for humanity by the ancient Greeks—to die young, as late in life as possible. The work also has important messages for everyone who deals with older people and may underestimate their abilities and compromise their potential for exciting, productive lives after the age of 65.

Dr. Rowe, president of Mount Sinai Hospital and School of Medicine in New York, said that far too many assumptions about the elderly had been based on people who were sick or in institutions. In fact, most older Americans are in reasonably good health, living independently and generally doing well.

Dr. Kahn is a professor emeritus of psychology and public health at the University of Michigan in Ann Arbor who, at 80, is the self-described "grand old man" of the MacArthur project and, as a result of the research, has added daily weight training to his bicycling routine. The book says the first step to in-

creasing the chances for a successful old age is to lead a healthy life style.

Myth 1: To be old is to be sick.

To be sure, nearly half of the people over 75 have arthritis, nearly a third have high blood pressure, heart disease or hearing impairments and 11 percent have diabetes. But rarely do these problems get in the way of a full life. The MacArthur studies and other research have shown that people are far more likely to age well than to become ill and decrepit. Only 5.2 percent of the elderly live in nursing homes, nearly 90 percent of people ages 65 through 74 report no disability whatever and even after the age of 85, 40 percent are fully functional. Furthermore, chronic disease among the elderly has been declining steadily since the late 1960s.

Myth 2: You can't teach an old dog new tricks.

Despite constant references to Alzheimer's disease, "no more than 10 percent of all people 65 to 100 or more are Alzheimer's patients," the researchers said. And in their study of those 74 to 81,

they said, "half showed no mental decline whatsoever over the next seven years."

Although short-term memory weakens with age, a few training sessions in memory skills can bolster the memories of the elderly, the researchers said. And while the mental processing of data slows with age, given enough time the elderly can do as well as younger adults.

Myth 3: The horse is out of the barn.

Too many older people with lifelong unhealthy habits assume that it is too late to change and reap benefits from quitting smoking, starting exercise, losing weight or eating a more nutritious diet. The findings of the studies show otherwise. Immediately after quitting smoking, for example, the risk of a heart attack begins to decline and after a decade, so does the risk of lung cancer. At any age, consuming more calcium and Vitamin D can decrease the risk of osteoporosis; consuming more of the B vitamins folate and B-6 can decrease the risk of heart disease and taking a Vitamin E supplement can protect against both heart disease and Alzheimer's disease.

But perhaps the broadest benefits to both body and mind accrue from becoming physically active, even after eight decades on the couch. The authors cite 91-year-old Edward, who had not exercised at all before signing up for a program at a home for older people when he was 86. Edward reported: "Once I started, I felt stronger, full of action. The weight lifting helps my walking. I feel better, I sleep better, I eat better. It has changed my life."

Myth 4: The secret to successful aging is to choose your parents wisely.

A study of several hundred twins by the MacArthur researchers belies the belief that genes overwhelmingly determine one's health fate. Only about 30 percent of the characteristics of aging are hereditary, and the role genetics play in health, along with physical and mental function, diminishes with age. By age 80, genetics has virtually no influence. Rather, the authors say: "MacArthur research provides very strong scientific evidence that we are, in large part, responsible for our own old age."

Myth 5: The lights may be on, but the voltage is low.

While sexual activity does tend to diminish with age, the MacArthur researchers report: "When it comes to sexual activity, chronological age itself is not the critical factor. There are tremendous individual differences in this intimate aspect of life, determined in part by cultural norms, by health and illness and by the availability of partners."

Myth 6: The elderly do not pull their own weight.

The researchers take society to task for not giving older people due credit for unpaid work and for failing to acknowledge that the elderly simply do not have an equal opportunity to get paying jobs.

"Millions of older people are ready, willing and able to increase their productivity, paid and voluntary," the researchers said. Even now, in taking care of spouses, siblings and grandchildren, the elderly do the work of 3 million care givers. For growing numbers of people, retirement is not the end of a productive life but the beginning of a new one.

A 500-Year-Old Mystery of a 'Demonic Tract' Is Unraveled, Twice

Jim Reeds was fascinated by the Trithemius mystery for 30 years.

By Gina Kolata
New York Times Service

NEW YORK—Half a millennium ago, a German abbot wrote a book on communication with spirits. It gained instant notoriety. The author, Johannes Trithemius, was an adviser to emperors and a leading humanist. But he also was a magician, and his book was couched in the language of the occult. It outraged Renaissance intellectuals who said it showed that Trithemius was a dabbler in demonic magic and that he could conjure up spirits.

Trithemius's book, volume three of his trilogy, "Steganographia," circulated widely in manuscript form for a century before it was published in Frankfurt. Upon publication, it was banned by the Roman Catholic Church and attacked by Protestants. Yet it remained a cult classic, and, to this day, the book is pore over by believers in witchcraft and demons for spells to conjure spirits. Historians cite it as a prime example of 16th-century black magic. But some people always thought the book was something more—a cleverly disguised code. And now two researchers, from different disciplines and knowing nothing about each other's work, have broken the code.

The first was Thomas Ernst, a pro-

fessor of German at La Roche College, in Pittsburgh. Dr. Ernst resolved the Trithemius problem several years ago while he was a graduate student at the University of Pittsburgh. But his 200-page paper, written in German and published in 1996 in a Dutch journal, *Daphnis*, went largely unnoticed.

Meanwhile, Jim Reeds, a mathematician at AT&T Labs in Florham Park, New Jersey, had been fascinated by the Trithemius mystery for 30 years. Last month, he solved it. But two weeks later, Dr. Reeds continued to search for information on Trithemius, he came upon Dr. Ernst's paper and found that he had already solved the mystery.

Dr. Reeds's 26-page manuscript has been accepted by the journal *Cryptologia*, said David Kahn, its editor.

Ernst and Reeds began with the same basic information. Trithemius was a monastic reformer who became an abbot at age 20. He was an adviser to Emperor Maximilian, and he published prolifically. Trithemius was an adept practitioner of fictionally enhanced non-fiction. He also was a magician, and "everyone who was interested in magic emulated him," Dr. Reeds said.

In 1499, Trithemius began publishing a trilogy, written in Latin, that he called *Steganographia*, which means, in Greek, "hidden writing." Books one and two

were clearly systems for encoding messages and were the first books written on cryptography, Dr. Reeds said.

But the third was different. "It contains many tables of numbers," Dr. Ernst said, "but it wasn't quite clear what you were supposed to do with them. It looked like an occult treatise and people took it quite literally," thinking that the numbers contained the secrets of conjuring spirits.

From the 16th century through the 18th century, scholars tried to figure out the book, Dr. Ernst said. While most thought it was a book of demonic magic, a few decided it provided a secret code, couched in a language involving angels, spirits and astrological signs.

In 1676, Wolfgang Ernst Heidel, an otherwise obscure figure who trained in the law and worked for the archbishop of Mainz, Germany, claimed that Trithemius's third book was a code and that he had deciphered it. But Heidel wrote about his discovery in his own secret code, which no one could decipher. So his claim to have solved the mystery was itself a mystery, Dr. Ernst said.

Dr. Ernst decided that, given what was known about Trithemius, the long lists of numbers in the book, separated by astrological signs, were probably encrypted messages. And Trithemius's eerie passages about communicating one's thoughts over distance with the use

of spirits were probably his inside joke about what his code could accomplish.

He took on the writing as a problem in cryptography, and within two weeks, he said, he had figured it out. As he had suspected, the demonology was simply a disguise for a code.

Dr. Reeds, who does research on the mathematical problems of making and breaking codes, said it took him two days to break Trithemius's code. The hardest part, he said, was transcribing Trithemius's tables of numbers from a photo copy of a microfilm into his computer.

HE guessed that Trithemius might have assigned letters to numbers using alphabetical order. He was almost right—he discovered that Trithemius used reverse alphabetical order. Once he realized that Trithemius's book was, in fact, a code, Reeds was delighted. Trithemius, he said, had "kind of a cute idea" to encrypt his encryption method. "It's the kind of idea that a computer nerdy sort of person would have nowadays," he said.

But the messages that Trithemius encrypted in the tables in his book turned out to be banal. One was the Latin equivalent of "The quick brown fox jumps over the lazy dog"—a sentence that used every letter of the alphabet. Another was the start of the 21st Psalm.

Giant Star in Orion May Turn Into a SupernovaBy Malcolm W. Browne
New York Times Service

NEW YORK—Measurements by one of the world's largest radio telescopes have detected peculiar bulges in the atmosphere of a giant star, which may be caused by huge plumes of gas thrust from beneath the star's surface.

The star is Betelgeuse (pronounced beetle-juice), a huge reddish star in the shoulder of the constellation Orion the Hunter. Classified as a red supergiant, the star is only about 430 light-years from Earth and is the largest star visible from the Northern Hemisphere.

Betelgeuse is believed to be nearing the end of its life—an event likely to take the form of a dazzling supernova explosion. Astrophysicists expect that such an explosion would be a spectacular sight in the Earth's sky and would perhaps shower the planet with dangerous radiation.

Reporting in the journal *Nature*, Jeremy Lim, of Taiwan's Academia Sinica Institute, and his colleagues at the National Radio Astronomy Observatory, in Socorro, New Mexico, disclosed that the radio-emitting gases surrounding the surface of Betelgeuse have a very irregular and complex structure. (The "surface" of a star is its photosphere—it's luminous outer shell of gas, which is denser than the gas in the "atmosphere" above it.)

Using the Y-shaped, 22-mile-wide cluster of 27 huge antennas of the Very Large Array, near Socorro, the astronomers captured the most detailed radio image ever made of a star other than the Sun.

One of their major discoveries was that at least some of the gas in the Betelgeuse atmosphere is much cooler than was previously believed (although "cool" gas near the star's surface is still very hot by terrestrial standards: about 5,750 degrees Fahrenheit).

The lower-than-expected temperatures of Betelgeuse's atmosphere make it easier to understand how huge amounts of dust are constantly blown away from the seething star, the astronomers said.

At higher temperatures, the dust could not condense from the hot gas expelled from the star's interior. The dust created and expelled by stars like Betelgeuse is distributed throughout the galaxy and is believed to provide the raw materials that gave rise to life on Earth.

Betelgeuse is so big and so relatively near the Earth that large telescopes can actually detect features of its surface.

In 1995, Andrea Dupree of the Harvard-Smithsonian Center for Astrophysics, in Cambridge, Massachusetts, and Ronald Gilliland of the Space Telescope Science Institute, in

Baltimore, took portraits of Betelgeuse in visible light and ultraviolet light using the Hubble Space Telescope. Images from the telescope revealed several large features on the surface, including a huge bright spot.

Stephen White of the University of Maryland, a co-author of the *Nature* report, said that the spot seen by the space telescope seems to be associated with the irregular "puffiness" of Betelgeuse's extended atmosphere, as imaged by the Socorro radio telescope.

He said in an interview that it was very unlikely that an incipient supernova explosion would warn Earth-bound observers through changes in features like those now seen in the star's atmosphere or surface.

The visible parts of the star at or near its surface are too distant from the fusion reactions in its core to be immediately affected by precursors of a core collapse and subsequent supernova explosion, he said.

Betelgeuse is about 10 times more massive than the Sun,

and vastly larger in size. If it were to replace the Sun in our solar system, Mercury, Venus, Earth, and Mars would be engulfed deep within its depths. Its atmosphere would extend beyond Saturn to the orbit of Uranus.

ANOTHER member of the Betelgeuse imaging team, Chris Carilli, of the radio observatory staff, said that the group plans more observations of the star. It would be difficult, he said, to distinguish between new features on its surface and old features that might appear periodically because of the star's rotation. It is believed to take years for Betelgeuse to make even one revolution on its axis, and during this time many new gas plumes are likely to pop up to the surface.

"We would have to assume that practically every new feature we may see will result from a new gas plume, rather than the rotation of the star," he said.

LANGUAGE**'Bone Stupid' to Launch Those Nukes**

By William Safire

WASHINGTON—"Weapons of mass destruction" has become the stock phrase in describing Saddam Hussein's threat," Jack Geschke of San Francisco writes. "Is this some sort of shorthand for 'chemical and biological agents'? Does it include 'delivery systems' like missiles, or exclude weapons everyone else has, like conventional bombs? And where does this infectious phrase come from?"

Most arms-control buffs think it's probably a Russian term *oruzhie maso-voy porazhiteli*, a phrase much used during the Cold War that translates roughly as *weapons of mass destruction*. The Russian phrase originally referred to any heavy attack from the air, but during the era English speakers narrowed the meaning to what we called "nuclear, biological and chemical" weapons. The initials N.B.C. made some electronic journalists unhappy. This led to C.B.R. weapons, the initials standing for "chemical, bacteriological and radiological."

Thanks to some hard digging by James Goodby at the Brookings Institution, however, we may have the origin of the phrase now abbreviated as W.M.D.

At a meeting of President Harry Truman, Prime Minister Clement Attlee of Britain, and Prime Minister Mackenzie King of Canada on Nov. 15, 1945, three months after the atomic bomb wiped out Hiroshima, the leaders recommended in a communiqué that an international commission be set up to make proposals for "eliminating from national armaments atomic weapons and all other major weapons adaptable to mass destruction."

Who drafted the Attlee-Truman-King declaration? Vannevar Bush, the

MIT engineer who led much of the American scientific effort in World War II, claimed coining in "Pieces of the Action," his 1970 memoir.

Bush described an argument he had once had with a general in the office of the Joint Chiefs of Staff about the possibility of bacteriological warfare.

"He smacked the table and said to me, 'Don't you realize that the Atlee declaration contains the words 'and other methods of mass destruction'?' "

"Yes," I said. "I knew they were in there, in fact, I put them in." He did not believe me, naturally, but it happened to be true.

Bush had suggested the language and, as he recalled, Sir John Anderson of Britain had promptly agreed. "We both thought that while we were attempting to bring reason to bear on one terrible weapon, we might as well include another that could be equally terrible, and which might have indeed become so if the atomic bomb had not taken the center of the stage."

The declaration formed the basis of the Baruch Plan for atomic arms control, presented at the United Nations in 1946, in which the elder statesmen (in a speech probably written by Herbert Bayer Swope) spoke of "other weapons adaptable to mass destruction." Then and now, the phrase included nuclear bombs but was directed mainly at germ and poison-gas warfare.

The Department of Defense's Dictionary of Military and Associated Terms (we lexies call it the Dictionary of Destruction) defines the term as "weapons that are capable of a high order of destruction and/or of being used in such a manner as to destroy large numbers of people."

The definition does not include the means of transporting or propelling the weapon.

like a missile or a suitcase, "where such means is a separable and divisible part of the weapon."

I've been interested in the lingo of bio-war ever since 1970, when President Richard Nixon told me, one of his speech writers, to draft a rearmament of U.S. use of biological weapons and to announce the destruction of our stockpile. Shouldn't we keep a few, I asked, in case we needed to retaliate someday? "We'll never use the damn germs," he replied, "so what good is biological warfare as a deterrent? If somebody uses germs on us, we'll nuke 'em."

It occurred to me, in drafting the renunciation, that we might have a pollution problem in mass-destroying our germs, so I called the bio-war man at the Pentagon. "No problem," he said in an offhand way that still gives me a chill, "we'll just stop feeding them."

"This move by the independent counsel is *bone stupid*," opined The New York Times.

"I've heard of *bonehead*, *bone china* and *bone dry*, but never *bone stupid*," writes Ralph Palment of Trumbull, Connecticut.

Bone stupid. I was able to penetrate the wall of anonymity surrounding the Times editorial board to discover "it's Alabamian for 'extremely stupid' or maybe it's just a Raineyism."

No, the meaning of the attributive noun is more subtle than that. This intensifier combines the connotation of stupidity from the *bone* in baseball's *boner*, with the extreme tiredness of the *bone* to *bone weary*—exhaustion fell down in their bones. A star usage fell from Alabama.

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BUSINESS TO e-BUSINESS: MANUFACTURING



DIGITAL DESIGN GETS NETWORKED

Intranet and extranet linkups shorten development lead times.

Hthese days designers and manufacturers are racing on a treadmill, especially producers of highly engineered products like planes, trains, cars and computers. Today's competition is more global than ever before, customers are more demanding and products are increasing in complexity. The most successful engineers and enterprises have been taking advantage of computer-assisted design and manufacturing for years, with corresponding improvements in product quality and time to market. When the technology used in manufacturing is linked to the latest in e-business applications, the results create clear competitive advantages.

Digital mockups (DMUs), for example, first came into use in the mid-1980s, pioneered by U.S. aerospace giant Boeing Co. With DMU, engineers are able to assemble aircraft mockups digitally, thus overcoming the problems of physical mockups, which become more complex the further downstream you go.

When development teams in various locations are linked to each other and to a DMU and its files and support material via a company intranet, information may be shared among designers and other teams, such as marketing and sales, and the data can be used later for after-sales service, answering customer queries and conducting remote analysis or repairing parts.

In an article in the Harvard Business Review (November-December 1997), Beh-

nard Fabrizi of Stanford University and Rick Wallen of Ernst & Young said that a major contributor to successful product development is an ongoing dialogue with customers — not only current customers, but also prospective customers, indirect sales channels such as retailers and wholesalers, clients of current customers and even former customers.

Intranet and extranet linkups make this kind of ongoing dialogue much easier and faster.

Saving time and money Digital mockups are also used to design the machines that make parts and to specify how each part will fit into the assembly process. "The reality is that DMU is at work today, and companies that are adapting their processes around it will have a competitive advantage tomorrow," says Peter Ryan, director of engineering, IBM, Europe/Middle East/Africa.

"For a '98 car we're working on, we used DMU, found 1,500 part interferences and fixed them before the [physical] prototype was made," says Ron Biernowski, an executive engineer for Chrysler Corp.'s Technical Computing Center.

DMU is a potent technology tool, but it is only the tip of the design iceberg. More and more companies choose to implement it with CATIA, developed since 1981 by France's Dassault Systems SA and marketed by IBM. CATIA delivers an environment for digital simulation and communication in all aspects of engineering and design, from product concept and definition to manufacturing and plant operations, and maintenance and field operations. For example, CATIA can be used to design the body panels of an automobile and the tools needed to press them from sheet steel, as well as to program the robots that will weld and paint these panels on the assembly line. It can also be used to design the manufacturing facility itself.

We can shorten development lead times considerably," says John Farrant, a consultant with IBM manufacturing industries. "An automobile that took from 48 to 56 months to develop as recently as three years ago is now approaching 18 to 24 months."

More than 10,000 existing customers worldwide are using CATIA. These companies include global enterprises such as British Aerospace PLC, Lockheed Martin Corp., Samsung Heavy Industries Co. and Volkswagen AG, companies like Frigidaire Co. and Black & Decker Corp., as well as smaller companies. IBM's Mr. Ryan points out that more than 95 percent of IBM's new customers in Europe last year would be considered small or medium-sized enterprises, with less than 1,000 employees.

Manufacturers have long exploited the advanced digital mockup and geometric capabilities of computer-

aided design software. The same is true for manufacturers using product-data management software to control the huge quantities of data generated by engineers during the product development process.

However, either of these two application suites fully addresses the widely varying requirements for creating and managing product information throughout a product's entire life cycle and across an extended enterprise. That's why in February, IBM and Dassault Systèmes announced an initiative to bridge this gap.

ENOVIA Corp., a new subsidiary of Dassault Systèmes, is developing an integrated solution that addresses both virtual product development management and product-data management. IBM will market and sell this new solution and offer consulting and business transformation services to implement it. Working together, CATIA and ENOVIA solutions are helping British Aerospace achieve significant reductions in cycle time and improvements in quality, with fewer misfits in actual production.

Glen Gise, Black and Decker design systems manager, believes that the IBM-Dassault alliance will allow his company to better manage our concurrent product development and strengthen our industry-leading role in the introduction of new, innovative products."

And avoid the treadmill entirely. •

THE KEYS TO COMPETITIVE ADVANTAGE

Information technology is being integrated into the entire manufacturing process.

Information technology in manufacturing today is no longer an "if" but a "how." The current question facing producers and entrepreneurs is not "Should I invest in information technology?" but "How do I improve my competitiveness?"

Last year, the world's manufacturers spent about \$90 billion on information technology, about half of that spent by small to medium-sized enterprises (SMEs) with less than 1,000 employees. Nearly two-thirds of the total — some \$57 billion — was invested in production systems, from business management to resource planning and logistics. Another \$21 billion was spent on design and development.

The third major area was sales and marketing support, which received \$11 billion.

However, large investments alone do not ensure competitive advantage. David Burdick, a vice president of the Gartner Group, explains that market winners are those who build products better, bring them to market faster, offer greater innovation or show greater responsiveness to customer needs.

The biggest challenge then for manufacturers, according to Greg Lock, general manager of IBM's global manufacturing industries unit, is "unleashing the knowledge existing in enterprises and using it to reduce cycle times and increase global reach." This is true for large multinationals as well as SMEs, he notes, because "SMEs also sell to large companies."

Using the Internet, intranets or extranets, manufacturers are integrating information technology into the entire manufacturing process, from early creative product design and development to building, testing and assembly and throughout the product life cycle, including updated versions, second-generation products, service, maintenance and recycling.

Speed and flexibility This e-business approach results in a speedier manufacturing cycle that is less expensive and more productive. It also gives manufacturers the flexibility to respond to changing market conditions and to new demands from customers.

John Griffiths, a senior consultant in the consulting group of IBM global manufacturing industries, explains that design, manufacturing and sales can all work together to ensure greater flexibility and creativity. "They must all be connected with each other and with the customer," he says, "communicating through an extended supply chain."

He describes four types of manufacturing, depending on the nature of the product and the production process. An old-fashioned carpenter may make wooden tables to order, building each by hand to specific customer request. This is an example of product and process changing each time. This sort of business may use computers and networks only for communicating with clients and keeping records.

The opposite is a mass production

line of soft drinks, each bottle exactly like all the others. Both process and product should be stable in mass production, and well-designed technology can have a powerful effect on the bottom line. For example, just-in-time electronic confirmation of shipments from suppliers can dramatically reduce stocks of raw materials.

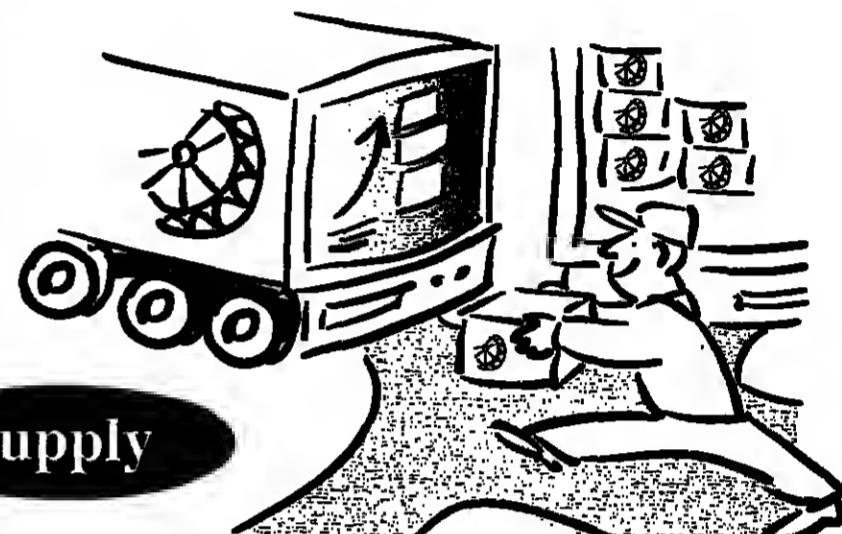
A third manufacturing approach is one of continuous improvement, where the product remains stable but the process changes each time. Daimler-Benz AG is currently rolling out Diagnose 2000, a network of 6,000 dealers in 198 countries equipped with diagnostic computing capability for the cars they sell. IBM's Mr. Lock notes that the information obtained will be channeled directly back to the manufacturing process, so incremental improvements can be made in future vehicles.

have no limits for seeking information and solutions," he says.

Last autumn, IBM and Dassault Systèmes SA introduced a CATweb Navigator to make product design information available to non-engineers inside or outside a company. Now finance, sales or purchasing departments, or outside suppliers or customers, can access design data during the development process without special training or expensive equipment.

Harvard Business School Professor David Upton, in his article "The Real Virtual Factory" (Harvard Business Review, July 1996), says, "Information sharing will become increasingly important. Joint ventures, outsourcing and the rise of the 'virtual corporation' all require richer communication among more partners and more locations."

"As manufacturers move away from



Mass customization is the fourth approach; it most clearly underscores the impact e-business can have on manufacturing by making possible "markets of one" for formerly mass-produced products. The process is stable, but the product changes each time. Levi's, for example, produces made-to-order jeans from orders taken on the Internet; white goods manufacturers can do the same for appliances drawn from vast lists of features, sizes and colors; Raleigh and Panasonic bicycles can be custom-built from scratch.

The obstacles, he emphasizes, are cultural, not technological. But the largest and most successful multinationals are already doing this, so their second and third-tier suppliers will eventually follow suit. Technology is culture-blind, and so is the clarity of competition: You win or you lose. •

FOR MORE INFORMATION ON e-BUSINESS:
Contact IBM by e-mail at
john_read@uk.ibm.com
or by fax at +44 1 926 407 215.
For examples of European e-business initiatives, consult
www.europe.ibm.com/nc/customer.

Look for the "Business to e-Business" series on the IHT Web site at
www.iht.com/IHT/SUP/eblz.html.
The Web version of "Business to e-Business: Manufacturing" hotlinks the following key words to other relevant Web sites:
• CATIA • Enterprise Resource Planning
• Network Vehicle

REVVING UP THE MANUFACTURING SUPPLY CHAIN ON-LINE

Manufacturers are working with fewer suppliers, but are developing increasingly collaborative relationships via extranets.

A car seat worth a billion dollars? That is what the U.S. auto industry would save annually on car seats alone if it had a common platform for electronic communication, estimates the Industrial Technology Institute (ITI), an automotive research organization.

Today, it takes about four weeks to communicate information about a car seat from a manufacturer to its fourth-tier supplier (four levels down the supply chain). With a network-based com-

munications system, the time would drop to five days, with savings of a billion dollars, or \$71 per car, says the ITI.

Savings like these are behind the development of the Automotive Network eXchange (ANX), a network infrastructure for the automotive industry that will link Chrysler Corp., Ford Motor Co., General Motors Corp. and their top 1,300 suppliers by summer.

IBM Global Network will be one of the service providers in this initiative and expects to play a similar role as the European counterpart to ANX is launched next

year. Eric Schipborst, director of e-business solutions, IBM global manufacturing industries, explains that the impetus comes from a change in the relationship between manufacturers and their suppliers.

In the past, the U.S. Big Three automakers communicated directly with all their suppliers, he says. Now they are passing on much of this responsibility to the next level down. "Manufacturers are opting to work with fewer suppliers these days, but much more closely — from design to delivery. So extranets are developing to

speed time to market, because electronic supply chains compress weeks into days."

Chrysler Corp.'s SCORE (Suppliers Cost Reduction Effort) program has saved the company \$2.5 billion in costs since 1989. SCORE is an e-business-based upgrade of the employee suggestion box, based on Lotus Notes. Suppliers are compensated for suggestions that will save money for Chrysler; benefits include not only cost reductions and better products, but a closer working relationship between the company and its suppliers.

The auto and aerospace industries have taken the lead in collaborative manufacturing, but the trend encompasses electronics, semiconductors and other industries with large-scale multinational enterprises. The trickles-

down effect means that tier-four subcontractors, who may be small or medium-sized enterprises, must also be networked or they will lose business.

Electronic networks are only as beneficial as the applications they support. IBM's Enterprise Xspan is an environment in which collaborators can communicate, exchange news, hold discussions, conduct research and enjoy access to applications for design and development.

Manufacturing involves more than supplier relationships, however; it also includes planning, production and design. IBM's ERPconnect is a suite of industry-specific plant floor software and hardware to help manufacturers optimize their production resources by collecting, organizing and facilitating the flow of in-

formation about planning, scheduling, production, quality and warehouse management.

Kevin Pound, a research analyst specializing in ERP (Enterprise Resource Planning) at the Gartner Group, believes that network technologies are changing the nature of the ERP function. "For the next two years," he suggests, "the strategy will be 'passive,' deploying functionality for browser Web use. Employees, customers and suppliers will be able to view static data."

"Proactive ERP will come after 2000, opening up applications with push-based Java applets. Customers will be able to solicit manufacturing schedules and demand plans, and suppliers will release new product specifications and implement design changes to posted specs." •



SMART CAR DEMONSTRATES 'PERVASIVE COMPUTING'

It wowed the crowds at COMDEX in Las Vegas last November and drew the personal attention of Chancellor Helmut Kohl of Germany at CeBIT in Hanover last month. Eventually, the Network Vehicle developed by IBM and partners Delco Electronics Systems, Sun Microsystems Inc. and

Netscape Communications Corp. will win the hearts of auto buyers everywhere.

In the meantime, it is a working model of what Friederich Christeiner of IBM manufacturing industries calls "pervasive computing." As microchips invade all aspects of industrial life, manufacturers will be able to hook up directly with suppliers and keep in touch with customers on a continuing basis.

But the trade-show visitors lining up three-deep to see the car weren't thinking of its implications for manufacturing. They were too busy cooing over the Internet-enabled television in the back seat. They marveled at how Global Positioning Service information was displayed on the windshield. The "head-up" display, similar to that used by jet fighter pilots, allows drivers to keep their eyes on the road.

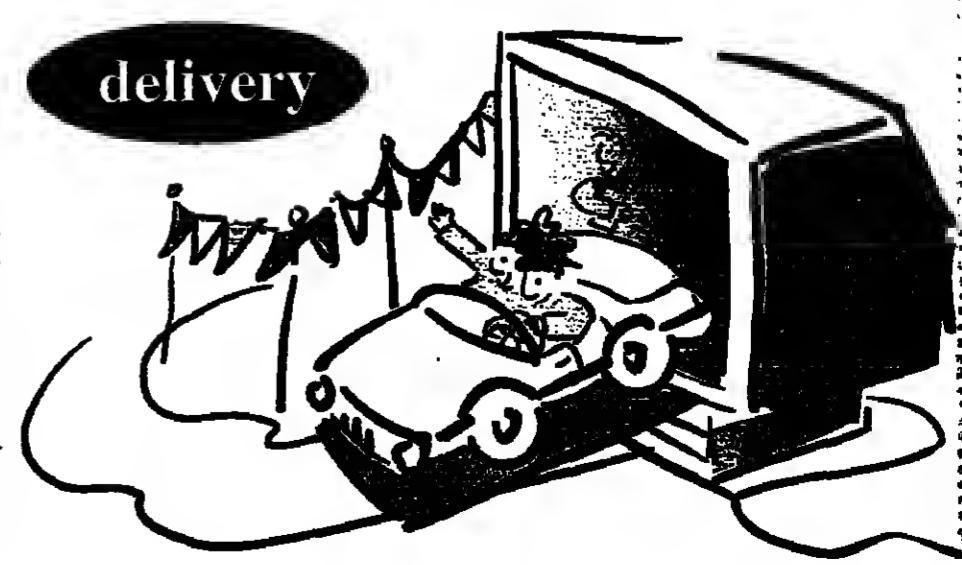
Time-pressed professionals were drawn to the voice-activated communications services, such as e-mail, fax and pager, all available without taking one's eyes off the road or hands from the wheel. Safety- and security-conscious drivers also appreciated the theft-deterrent technologies, remote maintenance and automatic link to emergency services in case of accidents.

Pat Toole, general manager of solutions for IBM global manufacturing indus-

tries unit, predicts that some of the features will be on the market within two years. "Within six years, probably everything will be available," he says, because IBM and partners made it a point to use existing technologies rather than science-fiction gizmos.

The network concept can be applied to any manufactured product. Mr. Christeiner gives the example of an air conditioning unit that sends an alert when it needs repair, or a vending machine that tells its distributor what is selling minute by minute.

Mr. Toole says the purpose of the car is not to "show off technology," but "to show how technology can bring value to manufacturers." •



U.S. MUTUAL FUNDS

**Figures as of close
of trading Friday, April 17**

of trading Friday, April 17

This table shows the performance of Nasdaq-listed mutual funds through Friday and includes the top 4,000 funds in terms of assets. There are roughly 6,150 funds currently listed on Nasdaq.

Group names are shown in bold face, with individual food names in each group indented below. Foods that are not part of a group are not indented.

MAY is the *net asset value*, i.e. the portfolio value divided by the number of shares outstanding, as reported by the fund through Nasdaq. NAV excludes all sales or redemption charges. Change shows the variation from the previous Friday.

Name field footnotes : c - available only through a contractual plan; n - no front-end load or contingent deferred sales load; p - fund assets are used to pay distribution costs; 1 - redemption fee or contingent deferred sales load may apply; 7 - footnote, p and r apply.

Price/field footnotes : e - ex capital gains distribution;
1 - previous day's quotation; a - stock dividend or split;
x - mt cash dividend.

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French Finance Chief Now Enjoys the View

Ready for Euro, France Expects Growth

By Craig R. Whitney
New York Times Service

PARIS — After all the political and economic hoopla that France jumped through to get itself ready for the common European currency that will start next January, Dominique Strauss-Kahn, the minister of economy, finance and industry, has good reason to feel pleased with himself.

Sitting in a sixth-floor office in the magnificent modern building of the ministry, with his Reuters financial monitor carefully placed so as not to obscure the view of the Seine downstream to the cathedral of Notre Dame, Mr. Strauss-Kahn admitted the other day that luck had had something to do with his success in getting France to be one of the new currency's charter members when European leaders formally approve the project May 2.

"What's surprising is that the preceding majority had such a myopic view of the economy that it couldn't see that growth was on the way back," Mr. Strauss-Kahn said, referring to the conservative government that had a majority in Parliament until last June. "It shows that luck helps, but a little vision does, too."

The previous government thought it would have to carry out painful austerity measures to bring the French deficit down to the maximum of 3 percent of gross domestic product that would make the country eligible to join the common currency, the euro.

That was why President Jacques Chirac called a surprise election last year in hopes of winning a fresh conservative mandate.

Angry voters gave a majority to the Socialists instead, putting Lionel Jospin, Mr. Strauss-Kahn's mentor, into the prime minister's office. With unemployment at 12.8 percent, Mr. Jospin promised to make jobs instead of deficit reduction his priority.

Then higher-than-expected economic growth, plus some astute financial maneuvering by Mr. Strauss-Kahn, allowed France to finish the year with a deficit just a hair above 3 percent and to begin bringing down unemployment, now at 12.3 percent.

"We finished the year with a level of public expenditure that was lower than what our predecessors had approved," he said. His critics in the conservative opposition say that by keeping a tight rein on spending, Mr. Strauss-Kahn in effect went back on Mr. Jospin's campaign promises. But as economic growth returned, nobody worried much about that.

Mr. Jospin, who was best man at Mr. Strauss-Kahn's wedding to a well-known French television journalist, Anne Sinclair, eight years ago, allowed him to raise corporate tax rates by 15 percentage points and to more than double capital gains tax rates, bringing both to 41.6 percent. But with individual income-tax rates held for the most part at previous

See KAHN, Page 19



Dominique Strauss-Kahn says previous government was "myopic."

CYBERSCAPE

Investment Fraudsters Stalk the Web

By Jane Bryant Quinn
Washington Post Service

WASHINGTON — Wherever investors gather, you are going to find fraud — and the Internet is an especially hospitable spot for hanky-panky.

About 7 million American households use the Web's investment-related services, according to an estimate by Jupiter Communications Co., a New York City research firm on emerging technologies. New investors, in particular, do not realize how easy it is to make a bogus stock lonk real. Marc Beauchamp, spokes-

man for the North American Securities Administrators Association in Washington, has a shorthand way of measuring the spread of Internet fraud:

"A year ago, my e-mail box at home would fill up with come-ons from X-rated Web sites," he said. "Today, it is almost all financial scams."

To understand how efficient it is to steal money through the Internet, talk to John Reed Stark, chief of the new Office of Internet Projects and Investigations at the Securities and Exchange Commission. At very small cost, he said, scam artists can now reach tens of millions of people at once. Think of it as

increased productivity. By becoming technologically hip, fraudsters can greatly increase their take.

Mr. Stark explained how this works in a fable recently published by Insights, a newsletter for corporate and securities lawyers, put out by Aspen Publishers in New York. It concerns an imaginary company called PhenomX, which claims to have a cancer cure.

PhenomX has just applied to have its new and only drug approved by the Food and Drug Administration. The company president, Willie Sutton, knows the FDA will say no. The drug is merely coffee grounds in tablet form.

Willie and his friends own

all 10 million of PhenomX's shares, which are now at 50 cents on the OTC Bulletin Board. He intends to pump up the stock price, then dump his shares at a profit before the truth is known.

Here is how he does it, on the Web:

Step 1: The phony Web page. Willie sets up a central location (home page) on the Web to tell potential investors about his miracle drug. He posts exuberant reports about PhenomX, thrilling but phony financial projections, documents bearing the FDA seal and information on how to buy the company's shares. There is also a bulletin board for posting messages and a chat room where investors can talk. The setup costs Willie nothing. He builds his flashy home page with free software downloaded from the Web.

Step 2: Spam, spam, spam.

"Spam" is the Web word for junk mail. Unlike ordinary mail, however, electronic mail costs almost nothing to send. He drafts a personal note, calling PhenomX a phenom-

Internet address:
CyberSpace@ih1.com

CURRENCY RATES									
Cross Rates									
		D.M.	F.F.	£m.	DM.	Fr.	Yen	Pounds	CS
Amsterdam	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
Buenos Aires	32.1	62.8	104.4	1,157	2,029	1,135*	1,465	1,405	1,326
Frankfurt	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
London (SF)	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
Milan	151.36	218.65	42.92	22.38	1,135*	1,465	1,405	1,326	1,326
Munich	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
New York	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
Paris	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
Tokyo	151.50	222.82	72.15	0.71	1,135*	1,465	1,405	1,326	1,326
Toronto	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
Zurich	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
1 ECU	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326
1 SDR	1,025	1,475	2,024	1,157	2,029	1,135*	1,465	1,405	1,326

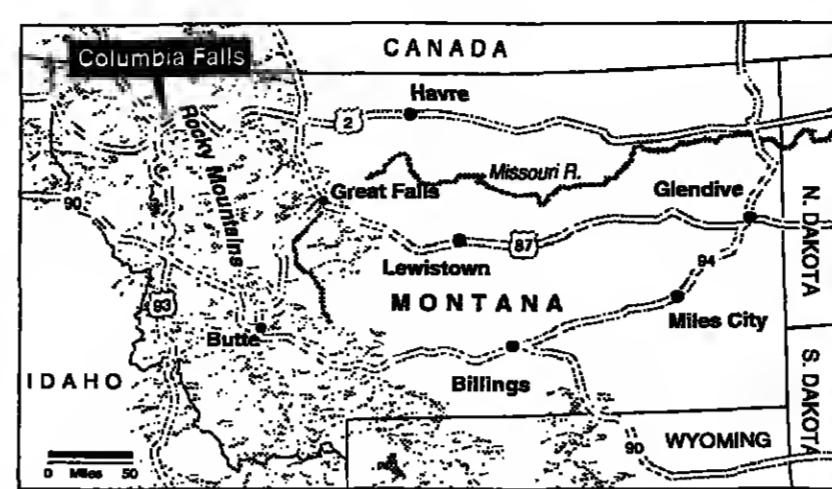
* To buy one pound of £. To buy one dollar. Units of 100 NLG not quoted; N.A. not available.

Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
American peso	0.9995	Greek drach.	312.53	S. Afr. rand	0.40	S. Afr. rand	0.046	S. Kor. won	7.743
Australian dollar	1.025	Hong Kong \$	7.2485	Icelandic króna	1.7908	Swed. krona	1.135*	Swiss franc	1.135*
Austrian sch. (1000 reich)	29.07	Hong Kong \$	211.40	Malaysian ringgit	2.765	Swed. krona	1.135*	Swiss franc	1.135*
Canadian dollar	1.025	Hong Kong \$	102.09	Malaysian ringgit	1.0784	Swed. krona	1.135*	Swiss franc	1.135*
Denmark krone	1.1465	Icelandic króna	29.07	Malaysian ringgit	1.0784	Swed. krona	1.135*	Swiss franc	1.135*
Chinese yuan	0.2794	Irish £	0.7164	Peru. souci	18.645	Swed. krona	1.135*	Swiss franc	1.135*
Czech korona	33.54	Irish £	2.7239	Ruman. leu	4.110	UAE dirham	2.6721	Swiss franc	1.135*
Danish krone	6.7765	Irish £	3.0354	Ruman. leu	3.2525	Venez. bolív.	3.1135	Swiss franc	1.135*
Egypt, pound	3.2927	Korea, won	1,3054	Swed. krona	1.135*				
Fiji, dollar	5.4694	Malay. ring.	3.7553	Swiss franc	1.135*				

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
French franc	1,025	1,025	1,025	Swiss franc	1,025	1,025	1,025
German mark	1,025	1,025	1,025	Swiss franc	1,025	1,025	1,025
Japanese yen	131.10	131.55	132.00	Swiss franc	1,025	1,025	1,025

Source: ING Bank (Amsterdam); Caisse d'Epargne (Paris); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.



Enron Deal Isn't Dead, Nepal Says

\$7 Billion Power Project Said to Be Under Study

Compiled by Our Staff From Dispatches

KATMANDU — Prime Minister Girija Prasad Koirala of Nepal said Sunday that Enron Corp. was considering returning to the \$7 billion power plant here it abandoned last week.

Mr. Koirala said he had received a fax from Enron "expressing its willingness once again to do it."

Enron began negotiating with the Nepalese government in 1996 to build the 10,800-megawatt Karnali-Chisapani project, 390 kilometers (245 miles) west of Kathmandu, at an estimated cost of \$7 billion.

The company pulled out of the project last week, an Enron spokesman said, mainly because of uncertainty in "selling a large block of power to a market outside Nepal."

But critics said that slowness by previous governments in making decisions on the project had been to blame for Enron's withdrawal. Some executives and analysts say that unstable governments have hurt business and eroded investors' confidence. Nepal has had five changes of government in just over three years.

Finance Minister Ram Sharan Mahat said Sunday that the government "is trying to find out the real reason" for Enron's withdrawal. "If it has been for the lack of prompt response and indecision on our part that has discouraged them, we will correct the situation." The former government of Nepal, headed by Lokendra Bahadur Chand, had invited global bids on the project, but it was only Enron that showed an interest after negotiating with India to sell electricity generated by the facility.

Enron has also been exploring the possibility of exporting power from the project to China, an official at the Ministry of Water Resources said.

India is facing an acute shortage of power, amounting to about 30,000 megawatts, in the states of Bihar and Uttar Pradesh, adjoining southern Nepal.

Nepal has the potential to generate approximately 83,000 megawatts of electricity using its glacier-fed rivers, but so far it has been able to produce less than 300 megawatts. (APF, Reuters)

In Montana, the Little Guys Win

Aluminum Workers Strike Gold in Profit-Sharing Battle With Owners

By Jim Robbins
New York Times Service

court in Missoula, Montana, wearing polar fleece jackets and hiking boots.

They were greeted by Mr. Duker — flanked by three bodyguards and 13 lawyers in finely tailored suits.

Clearly, Mr. Duker had the upper hand in any war of attrition. Yet, five years and 10 months after the suit was filed, he threw in the towel. Just two weeks before Ms. Gilmore's lawsuit was scheduled for trial, he agreed to pay the workers \$97 million — nearly

CAPITAL MARKETS ON MONDAY

Global Jumbo Bonds Are Back in Fashion; the Yen Is Not

By Carl Gewirtz
International Herald Tribune

PARIS — New-issue activity in the international capital market is set to spring back this week from its holiday hiatus and show off a new fashion — multiyear jumbo global bonds.

Auto companies will lead the pack, with Ford Motor Credit Co. expected to sell \$1.5 billion of five-year notes and \$1 billion of seven-year paper. General Motors Corp. plans to raise \$1.5 billion, reportedly divided between seven-year notes and long-term bonds with a maturity of either 20 or 30 years.

By contrast, Toyota Motor Corp. of Japan is planning to raise \$1.5 billion via standard five-year notes that will be offered internationally rather than in the global format that Ford and GM are using, which includes simultaneous sales in the United States.

The multiyear formula was used earlier in the month by South Korea when it sold \$3 billion of three-year and \$1 billion of five-year notes — a choice of maturities separated enough to appeal to investors with different preferences when it comes to duration.

While the GM issue will provide a clear choice on duration, analysts noted that paper in the international market rarely exceeded 15 years, raising questions of whether a U.S.-targeted long-term issue has been added on the global portion simply to enable the automaker to benefit from lower international underwriting fees.

Also scheduled is \$300 million of five-year issues from Swedish Export Credit and from Export Development Corp. of Canada.

Sweden will also be offering investors 2 billion euros (\$2.19 billion) of paper maturing in 2009. At the same

time, Sweden will open a domestic issue of 3 billion kronor (\$387.4 million) with identical terms.

The krona portion will be built up over time through the normal weekly auctions to an outstanding value of some 60 billion kronor.

By offering paper denominated in euros, Sweden, which has ruled itself out as a candidate for immediate entry into the European Union's monetary union, is offering investors the same bond in two currencies — an instrument that is expected to be actively used by currency traders taking a view on the krona's value versus the euro.

However, the real action in the foreign-exchange market is still the yen — which is forecast to fall substantially against the dollar as well as the Deutsche mark.

Activity was relatively restrained last week, awaiting the outcome of the meet-

ing of the Group of Seven finance ministers. Two key events this week are a decision on whether to adjust the time frame for reducing Japan's budget deficit and details on the government's latest spending package. Either or both, analysts warn, could serve as a springboard for a new round of intervention by the Bank of Japan.

While no one wants to stand in the way of intervention, it is clear that unilateral Japanese intervention is not going to turn the yen around.

"They spent something like one-tenth of their reserves intervening on days when trading was thin," said Philip Malmgren at Bankers Trust, referring to trades made by the Bank of Japan over the Easter holiday.

Considering how little was achieved — the dollar was stopped at 135.47 yen and driven down to 127.38 yen, then ended last week halfway back up, at

131.78 yen — Ms. Malmgren said the market saw the Bank of Japan as "operating from a position of weakness" and the yen poised to resume its fall.

But with the G-7 heads of state to meet in England next month, analysts look for the dollar to remain in a tight range against the yen and expect the mark to move more sharply. The mark advanced 3.4 percent against the yen last week, compared with a 2.4 percent rise for the dollar.

Increasing signs of recovery in Germany are fostering expectations of an increase in short-term interest rates by year-end, and that is bolstering the mark as well. The dollar ended the week at 1,8100 DM, up from the week's low of 1,7947 DM.

But analysts caution that a break below 1.79 DM could be seen as signaling a new period of sustained weakness for the dollar against the mark.

Asian Crisis Lifts Bonds, Outweighing Fed Jitters

Bloomberg News

NEW YORK — U.S. Treasury bond prices are poised to build on their meager gains so far this year, even as Federal Reserve Board officials suggest the economy is running at an unsustainable clip.

That is because a slump in Japan and the collapse of several other Asian economies have helped put the brakes on inflation. As long as that continues to be the case — as many investors expect — the outlook for bonds is good, whether the economy slows or not.

"It's not about growth; it's about inflation," said Garth Nisbet, a bond manager at Crabb Huson Group in Portland, Oregon.

There is ample evidence of tame inflation. A report this month showing a fifth consecutive monthly drop in producer prices was

U.S. CREDIT MARKETS

followed by a report Tuesday showing that consumer prices rose 1.4 percent in the year ended in March, the second-smallest increase in 33 years. On Thursday, the Federal Reserve Bank of Philadelphia said its index of prices paid by manufacturers in that region was down sharply.

Signs that inflation is practically dormant ought to be good news for bonds, because it means they will retain more of their value. But lingering concerns about the economy's strength, a tight labor market and prospects for faster inflation have kept a lid on gains in bonds.

The yield of the benchmark 30-year bond has wandered between about 5.8 percent and 6 percent for more than a month, after falling as low as 5.66 percent in January, when there was greater concern that Asia's economic problems would curb U.S. growth. For the week, bonds were little changed, with the 30-year yield at 5.87 percent Friday, compared with 5.88 percent a week earlier. Investors who bought bonds at the beginning of the year have seen returns of just 2.4 percent, compared with gains of almost 17 percent in 1997.

Yields on two-year notes —

among the most sensitive to Fed expectations — have climbed eight basis points in the past couple of weeks, to 5.50 percent Friday, as comments by Fed officials suggested the U.S. central bank was less concerned about the Asian turmoil and slowing growth and more focused on the risk that the current strength of the economy and job market will spur inflation.

Laurence Meyer, a Fed governor, last week called the pace of U.S. growth "unsustainable," suggesting that any slowdown tied to Asia's economic problems might come too late to prevent a Fed rate increase.

"There is concern that the Fed is getting nervous about economic growth," said William Stevens, a fund manager at Montgomery Asset Management in San Francisco.

Some investors are concerned that strength in housing and jobs will keep the economy's brisk pace from abating much, keeping the Fed alert for signs of inflation.

Rising wages may put pressure on prices, while flagging energy prices — a major force in keeping overall inflation low — may pick up in the months ahead.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending April 17. Prices supplied by Telkaurs.											
Rnk	Name	Cpn	Maturity	Price	Ct Yd	Rnk	Name	Cpn	Maturity	Price	Ct Yd
141	Austria	5	01/15/08	100.4000	4.9800	123	France OAT	5%	04/25/98	102.5500	5.1200
140	Austria	5	01/15/08	100.4000	4.9800	124	France OAT	7%	04/20/98	105.6200	7.0000
142	Austria Schilling	5	01/15/08	100.4000	4.9800	125	France OAT	4.7%	04/20/98	105.6200	4.9800
143	Austria	5	02/21/01	101.9040	4.9700	126	France OAT	6	02/25/25	101.1600	5.5000
144	Austria	7	02/20/07	109.6125	6.7000	127	France OAT	6	02/25/25	101.1600	5.5000
145	Austria	7	02/20/07	109.6125	6.7000	128	France OAT	6	02/25/25	101.1600	5.5000
146	Austria	7	02/20/07	109.6125	6.7000	129	France OAT	6	02/25/25	101.1600	5.5000
147	Austria	7	02/20/07	109.6125	6.7000	130	France OAT	6	02/25/25	101.1600	5.5000
148	Austria	7	02/20/07	109.6125	6.7000	131	France OAT	6	02/25/25	101.1600	5.5000
149	Austria	7	02/20/07	109.6125	6.7000	132	France OAT	6	02/25/25	101.1600	5.5000
150	Austria	7	02/20/07	109.6125	6.7000	133	Germany	6	02/01/04	107.7900	5.5700
151	Austria	7	02/20/07	109.6125	6.7000	134	Germany	6	02/01/04	107.7900	5.5700
152	Austria	7	02/20/07	109.6125	6.7000	135	Germany	6	02/01/04	107.7900	5.5700
153	Austria	7	02/20/07	109.6125	6.7000	136	Germany	6	02/01/04	107.7900	5.5700
154	Austria	7	02/20/07	109.6125	6.7000	137	Germany	6	02/01/04	107.7900	5.5700
155	Austria	7	02/20/07	109.6125	6.7000	138	Germany	6	02/01/04	107.7900	5.5700
156	Austria	7	02/20/07	109.6125	6.7000	139	Germany	6	02/01/04	107.7900	5.5700
157	Austria	7	02/20/07	109.6125	6.7000	140	Germany	6	02/01/04	107.7900	5.5700
158	Austria	7	02/20/07	109.6125	6.7000	141	Germany	6	02/01/04	107.7900	5.5700
159	Austria	7	02/20/07	109.6125	6.7000	142	Germany	6	02/01/04	107.7900	5.5700
160	Austria	7	02/20/07	109.6125	6.7000	143	Germany	6	02/01/04	107.7900	5.5700
161	Austria	7	02/20/07	109.6125	6.7000	144	Germany	6	02/01/04	107.7900	5.5700
162	Austria	7	02/20/07	109.6125	6.7000	145	Germany	6	02/01/04	107.7900	5.5700
163	Austria	7	02/20/07	109.6125	6.7000	146	Germany	6	02/01/04	107.7900	5.5700
164	Austria	7	02/20/07	109.6125	6.7000	147	Denmark	5	01/07/01	114.1500	6.7200
165	Austria	7	02/20/07	109.6125	6.7000	148	Denmark	5	01/07/01	114.1500	6.7200
166	Austria	7	02/20/07	109.6125	6.7000	149	Denmark	5	01/07/01	114.1500	6.7200
167	Austria	7	02/20/07	109.6125	6.7000	150	Denmark	5	01/07/01	114.1500	6.7200
168	Austria	7	02/20/07	109.6125	6.7000	151	Denmark	5	01/07/01	114.1500	6.7200
169	Austria	7	02/20/07	109.6125	6.7000	152	Denmark	5	01/07/01	114.1500	6.7200
170	Austria	7	02/20/07	109.6125	6.7000	153	Denmark	5	01/07/01	114.1500	6.7200
171	Austria	7	02/20/07	109.6125	6.7000	154	Denmark	5	01/07/01	114.1500	6.7200
172	Austria	7	02/20/07	109.6125	6.7000	155	Denmark	5	01/07/01	114.1500	6.7200
173	Austria	7	02/20/07	109.6125	6.7000	156	Denmark	5	01/07/01	114.1500	6.7200
174	Austria	7	02/20/07	109.6125	6.7000	157	Denmark	5	01/07/01	114.1500	6.7200
175	Austria	7	02/20/07	109.6125	6.7000	158	Denmark	5	01/07/01		

Asian Crises Lifts Bond Outweigh Fed Jitters

Cendant Conundrum: Aren't They the Pros?

Critics Ask How Celebrated Takeover Firm Could Have Missed Accounting 'Irregularities'

By Floyd Norris
New York Times Service

NEW YORK — When it comes to a sophisticated understanding of how to use accounting rules to look as pretty as possible, Henry Silverman ought to have few equals.

His company, formerly known as HFS Inc., was able to show a rapidly rising profit as it expanded with acquisition after acquisition, financing the deals by selling stock at ever-higher prices. Critics said the profit reports reflected clever use of accounting rules, not real operations, but the accounting withstood every challenge.

Now Mr. Silverman says he has been deceived. The last big deal for HFS, in which it merged with CUC International and changed its name to Cendant Corp., was based on financial results that Mr. Silverman says had been inflated. The man who was CUC's chief financial officer announced his resignation from Cendant, only to have the company's board respond, in effect: "You can't quit. You're fired."

Cendant's stock collapsed as momentum investors who had put great faith in Mr. Silverman all tried to get out of the stock at once.

Mr. Silverman complained that the collapse was overdone; by his estimate, the company's profit had been overstated by only 13 percent or so.

Considering that he founded the company, Mr. Silverman's own stock holdings are not encouraging. He gets mil-

lion for a man some had considered a genius.

For mere mortals seeking to invest hard-earned money for retirement, there are interesting questions here. If Henry Silverman and his team are not able to spot accounting tricks, even when they have been allowed to look at confidential information during due-diligence research for a merger, how can the rest of us be confident we are not being deceived?

There is no easy answer to that question. It is often far easier to see that a company is pushing the accounting envelope than it is to know conclusively that it is doing so in a deceptive way, let alone a fraudulent one.

Mr. Silverman says he would never have found out what was happening if employees had not come forward and disclosed it.

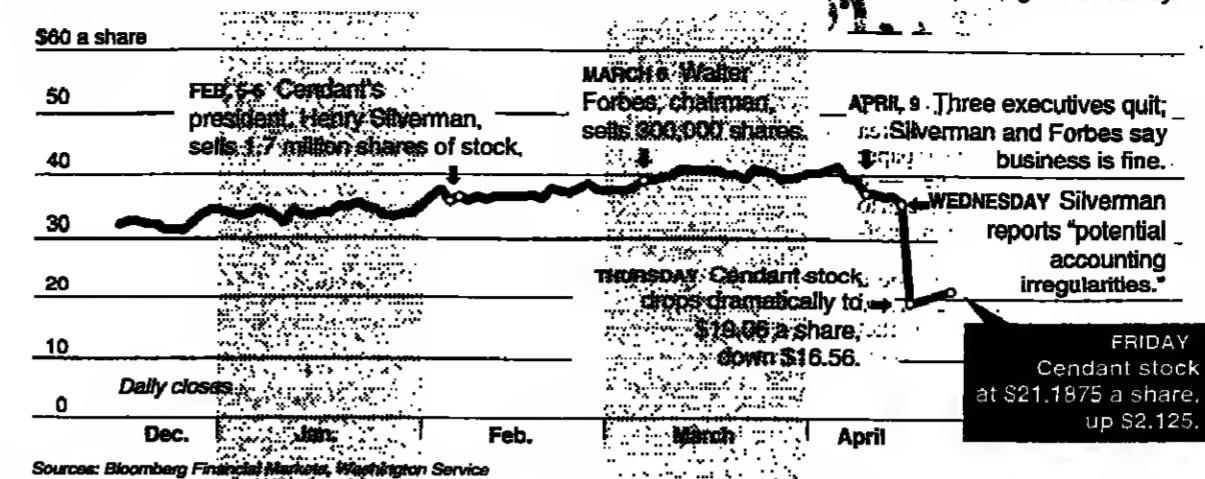
Some investors avoid companies that seem to be using accounting in creative ways. Such investors missed Cendant's collapse, but they also missed its earlier rise.

A clue can come from stock trades by managers. It is best if they are buying and holding the shares. Options positions, on the other hand, are a one-way bet. If the stock goes up, the executive can get rich. If it goes down, the executive loses nothing, because he or she has invested nothing.

That would no doubt distress Mr. Silverman. But it would not impoverish him. After all, he doesn't own a single Cendant share.

First the Resignations, Then the Plunge

Cendant stock fell sharply Thursday after the company said it had uncovered potential accounting irregularities that caused its 1997 profits to be overstated. The fall came a week after three senior officials had resigned suddenly.



Qatar Seeks More Cuts in Oil Output

Bloomberg News

DOHA, Qatar — The minister of energy and industry, Abdullah ibn Hamad al-Attiyah, said Sunday that oil prices were still too low, even after 17 world oil producers pledged to cut output to bolster prices.

Mr. Attiyah said he would "support further cuts if prices remain at their current levels."

Separately, Venezuela's energy minister also suggested that more output cuts might be necessary.

The Organization of Petroleum Exporting Countries held an emergency meeting last month after oil prices fell by about 40 percent over the preceding five months, hitting nine-year lows. OPEC nations agreed to remove 1.24 million barrels of oil a day from the market until the end of 1998. They were joined by another seven oil-producing nations, bringing the total reduction in output to 1.72 million barrels a day.

Before OPEC's emergency meeting March 30, the price of Brent crude, an industry benchmark, had sunk to about \$11.90 a barrel because too much oil was being produced while demand was falling in Asia because of economic problems and in Europe because of a relatively mild winter.

Prices have since recovered slightly: Brent closed at \$14.36 a barrel Friday. But producers say the price is still too low.

Mr. Attiyah said that he believed \$18 a barrel would be "a fair price for both producers and consumers."

Venezuela's energy and mining minister, Erwin Arrieta, said he expected producers to be willing to pump even less oil if necessary. He added that his country was ready to adjust its production but said it was "too soon to tell" whether this would be necessary.

"The market is very jittery at the moment," said Fareed Mohamedi, a senior oil analyst with Washington-based Petroleum Finance Co. "If the market dumps again, which is likely, as the cut achieved appears to be too small to shrink the second-quarter surplus in the oil market, OPEC may be faced with the decision of further cuts before its June meeting."

■ Algeria Merges Energy Firms

Algeria's three main state-owned petrochemical and oil-refining firms have merged with the state oil and gas giant Sonatrach, creating a monopoly with about 100,000 workers, Reuters reported from Paris.

Algerian officials said the deal was signed Saturday after being endorsed by the High Council of Energy.

Jakarta Nears Deadline for Carrying Out IMF Economic Reforms

Reuters

JAKARTA — Indonesia faces an acid test this week of its commitment to economic reforms agreed on with the International Monetary Fund.

Financial markets, wary after government backsliding on two previous deals with the IMF, are nervously awaiting Wednesday — the deadline for Indonesia to show commitment to a significant chunk of a 117-point reform package.

"That is the day when a lot of IMF conditions are to be implemented," said Vincent Low of Merrill Lynch & Co. in Singapore.

The Indonesian government announced the package April 10, aiming to end its worst economic crisis in three decades, and set target dates for implementation of all key points.

Analysts said the targets must be met if the beleaguered rupiah is to make a comeback. Interest rates must also be handled properly to make the currency more attractive, they said.

"I still believe interest rates remain the key instrument in the whole process," Mr. Low said. "But it must happen in conjunction with commitment to reform. These are the two legs that are necessary for the recovery of the Indonesian economy and the financial sector to continue."

Mr. Low said that it was difficult to predict the right timing for a rate increase but that it would help bolster the rupiah whenever it took place.

The rupiah slipped last week, with the dollar rising to 8,200 rupiah from 7,500 at the beginning of the week. In July, when the currency crisis began, the dollar only bought 2,400 rupiah.

"Right now there is a potential for the rupiah to rally if people see signs of implementation taking place," Mr. Low said, adding that the market wanted action rather than words.

The latest agreement is Jakarta's third with the IMF in the six months since the Fund pledged to orchestrate a \$43 billion bailout for Indonesia.

Analysts said the Indonesian economy can only function with a realistic dollar-rupiah exchange rate because at current levels many corporations are technically bankrupt.

The rupiah also needs to strengthen further before the process to restructure Indonesia's mountain of private corporate debt can proceed, Mr. Low said.

Analysts said the debt issue was being closely watched by financial markets. The IMF explicitly said the government must make credible progress toward an agreement. Jakarta said that a two-day meeting in New York last week between Indonesia and foreign lenders had made progress, but the analysts said traders were waiting for details.

Payment of the second \$3 billion tranche of IMF loans to Indonesia, originally scheduled for March, was put on hold after the country was seen to be dithering in implementation of the previous agreement, signed in January.

Under the new deal, Indonesia has committed to implement the package of measures by Wednesday.

Analysts said some requirements have already been met, including a change in the minimum capital requirement for banks and lifting of restrictions on foreign investment in wholesale trade.

The IMF said Wednesday that it had been assured that an Indonesian ban on the export of palm oil would be scrapped by the deadline.

Markets were thrown into confusion Tuesday after a newspaper quoted the trade and industry minister, Mohammad (Bab) Hasan, as saying the measure might remain in place. Mr. Hasan later recanted and said that he had signed a decree scrapping the ban.

The central bank announced Friday that it planned to publish key monetary data on a weekly basis starting this week.

British Airways Seeks to Fill 7,000 Jobs

Compiled by Our Staff From Dispatches

LONDON — British Airways PLC said Sunday it would hold a job fair in London next week to kick off a recruiting drive to fill 7,000 jobs this year.

"We are currently going through our biggest-ever recruitment drive," the personnel manager at British Airways, Tina Oakley, said.

The airline said it would lease the Olympia exhibition hall here Friday and Saturday and expected more than 10,000 visitors a day. It said most of the positions would be based in Britain.

The move is part of the airline's plan to hire around 9,000 air and ground staff by the turn of the century, having taken on 6,000 people in the financial year just ended. The recruiting drive is part of an

effort to increase capacity and improve passenger services.

British Airways has been campaigning hard to promote a less British and more cosmopolitan image.

"In reflecting the changing mix of passengers flying British Airways, particular emphasis will be made on recruiting from more diverse communities," the airline said. "The importance of language skills will also be highlighted."

Still, British Airways is cutting at least 5,000 jobs under Chief Executive Robert Ayling's streamlining program to help make room for the 13,000 new recruits. The company said it expected its global work force to increase by a net 10,000 people, to about 65,000, by April 2000.

British Airways also has been con-

centrating on cutting costs as the strong pound cuts into profit margins. In February, the airline said pretax profit for the fourth quarter of 1997 fell 29 percent, to \$80 million (\$134.8 million). BA said the strong currency had cut profit by \$42 million in that quarter.

The EU official said this month that the two airlines were near an agreement with regulators on surrendering takeoff and landing slots in London to win approval for the deal.

The European Commission is expected to make a decision in May. (Reuters, AFP)

Positions Harden in Australian Dock Dispute

Compiled by Our Staff From Dispatches

CANBERRA — The protagonists in Australia's dock dispute said Sunday that no quick solution was apparent in what could be the country's biggest labor unrest in a decade, which is delaying shipbuilding and trade.

The Maritime Union of Australia said its pickets were blocking access to terminals operated by Patrick Stevedores and said there was no sign of the company, the government or the union hunkering down in the three-month-old dispute.

"I have got 2,000 reasons not to back down, and that's the jobs of the members," said John Coombs, national secretary of the union. "It's absolutely clear that nothing short of the destruction of the union will satisfy Patrick and the government. They can't afford to back down."

The dispute intensified this month when Patrick, one of Australia's two main terminal operators, sacked its unionized work force, which consisted of 1,500 full-time and 600 part-time workers. Police have had violent clashes with pickets, who say the dispute is part of a government attempt to curtail union power.

The company, supported by the government and helped by laws in force since last year that reduce the unions' powers and limit arbitration by Australia's labor tribunal, has replaced union workers with private contractors. Some of the new employees are already working on docks run by Patrick, a subsidiary of Lang Corp.

SGS-THOMSON MICROELECTRONICS CONVOCATION

Shareholders are invited to attend the Annual General Meeting of SGS-THOMSON Microelectronics N.V. to be held on May 18, 1998 at 10.00 a.m., Netherlands time at Hotel de l'Europe, Nieuwe Doelenstraat 2-8, 1012 CP Amsterdam, the Netherlands, to discuss the following agenda:

- Report of the Managing Board and of the Supervisory Board and approval of the 1997 financial statements;
- Nomination of the new members of the Supervisory Board;
- Attendance fees of the Supervisory Board members;
- Amendment of the articles of association, in particular change of the name of the company to STMicroelectronics N.V.
- Authorisation granted to the Supervisory Board to issue shares for a period of five years.

In order to exercise their voting right, holders of bearer shares (within the SICOVAM) are required to submit proof of ownership of their shares with a form filled by their bank (or broker or other intermediaries) up to May 18, 1998 and to address their instructions for voting in the SICOVAM up to May 7, 1998.

Shareholders willing to attend the annual meeting themselves should from now on ask to their bank (or broker or other intermediaries) to carry out necessary steps so that they will be registered within the company on May 13, 1998. In any case, they will have to confirm their attendance in the meeting by mail before May 13, 1998 at 5.00 p.m. by:

Netherlands Management Company B.V.
P.O. Box 727 - 1000 AS Amsterdam - The Netherlands
(Attention Hans Meijers, fax n° (3120) 420 61 90)

The documentation related to this meeting is available free of charge:
- at the head office of the Company, World Trade Center, Strawinskylaan 1725 TA 17E, 1077 XX Amsterdam, The Netherlands
- at the office of Crédit Agricole Indosuez, 92920 Paris La Défense Cedex (Tél.: 331 41 29 71 44).

NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, April 17

INTERNATIONAL HERALD TRIBUNE, MONDAY, APRIL 20, 1998

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ME: aluminum Harbor

BUSS-KAHN: French

CHC

Megabank Musical Chairs: How a Few Will Soon Dominate World Finance

By Steven Pearlstein
and Peter Rae
Washington Post Service

WASHINGTON — The way things have been going, some day soon you'll wake up to news of the first trillion-dollar bank — with assets equal to those of Citicorp, Travelers, NationsBank and Bank of America combined.

The headquarters of this financial colossus will probably be in the United States, and its top executive may be an American. But this will truly be a global business — with customers and operations on every continent.

It will process billions of transactions every day, although few will involve cash or paper or even direct contact with a human being. Its most closely guarded treasures won't be in the bank vault but in its computer room and telephone switches.

In fact, it won't really be a bank at all, if by that you mean an institution that takes deposits in and then lends the money out in the form of home mortgages, credit-card debt and business loans.

It will invest depositors' money almost immediately in the stock market, or its own brand of mutual fund, or a retirement annuity issued by its insurance subsidiary, and most of its loans will

be hedged through options and swaps, bundled with other loans and sold off to money-market funds or corporate pension accounts.

But here is the most remarkable thing: This financial colossus will earn a bigger profit than old-fashioned banks, with lower risk, while offering customers a wider range of services at a lower cost.

Incredible? Not really. Logic and economics has always pointed toward business consolidation — why should there be seven auto companies and seven oil companies and 10,000 banks? As banks' share of America's financial assets steadily eroded over the past decade in the face of competition from money markets and mutual funds, many came to view consolidation as a matter of survival.

Bit by bit, the megabankers pushed holes in the government's web of Depression-era regulations, from the introduction of the interest-bearing checking account to the advent of interstate branching. Now new technology — combined with a savings push by aging baby boomers — has turned consolidation from a survival strategy into what many see as a golden opportunity.

The seismic transformation of banking can be read in the business headlines: Over the past decade, 10 percent of banking assets have

changed hands every year, while fully half of Wall Street's venerable investment houses have been gobbled up.

In recent weeks, the pace has quickened even more, with dealmakers proposing such bold combinations as Citicorp and Travelers, NationsBank and Bank of America, Banc One and First Chicago, Household Finance and Beneficial, and Green Tree and Conoco.

Most of those merger partners were already the product of earlier combinations, and few analysts doubt that the financial hurricane will continue. The inside betting is that U.S. banking giants such as Chase Manhattan and First Union will be swept up next. New superbanks may also be built around the Fidelity and Vanguard families of mutual funds, General Electric Capital Corp., and the giant brokerage firms of Merrill Lynch & Co. and Morgan Stanley Dean Witter.

In the end, analysts say, five to 10 of these trillion-dollar giants will dominate the global financial-services industry. But there will be room for lots of smaller players, too.

In this emerging financial world, for example, there will be many sizable companies — some banks, others not — that thrive by mastering one function — servicing mortgages, say, or processing credit-card transactions or managing in-

dex funds. These specialists will make their money selling services wholesale to the superbanks. Other players will offer a relatively broad range of services to a specialized segment of customers.

There will still be a traditional community bank or two in every neighborhood, as well, for those who require a limited range of financial services and are willing to pay a bit more for personal contact.

Lowell Bryant, who heads the banking consulting practice at McKinsey & Co., says this process of consolidation is now entering its final phase in the United States.

Earlier combinations, he said, involved strong players buying up weak players in particular segments of the business. These mergers produced efficiencies of scale — by eliminating overlapping branches and spreading fixed costs — over a much larger base of business.

As a result, McKinsey calculates that since 1980, bank operating expenses have declined and overall productivity in the industry has risen at an annual rate of 4 percent — three times the average for the rest of the economy.

The benefits of this wave of consolidation, at least for the banks, are now apparent. Bank profits are now as high as they have ever been in

the modern era — even as banks have removed \$1.5 billion in assets from their balance sheet by selling off their mortgage and credit-card loans to Wall Street investors. Because of geographic expansion, banks also are less susceptible to the dangers of regional recessions.

Customers, too, have benefited from a wide array of new products and the convenience of 24-hour banking through the world's most extensive network of automated teller machines. Although many complain of rising fees for some services, government data show that these have been more than offset by the benefits of the higher interest rates banks are paying on deposits and the lower rates they are charging on loans.

But the latest mergers, Mr. Bryant said, are different in character — driven less by a desire to cut costs than to increase revenue and market share. Toward this end, the strong players are now joining with other strong players, creating combinations that put many of the best specialists together under the same roof.

It is these new all-star teams, Mr. Bryant said, that are likely to develop the next generation of technology, allowing them to reduce operating costs by a further 40 percent while moving aggressively into global markets without having to build lots of offices and branches.

As Banks Get Big, Customers Feel Service Getting Small

By Caroline E. Mayer
Washington Post Service

WASHINGTON — As merger mania seizes the banking industry, many consumers are feeling bounced.

William Parker of Fairfax, Virginia, said he "felt like an orphan" when First Union Corp. took over Signet Bank last month. He could not get his new automated teller-machine card to work; nor even the customer-service representatives at his neighborhood branch could help. "They'd just sit you down at the telephone and have you call an accounts person" hundreds of miles away, he said.

The ties that have long bound customers to their local banks have become strained by the wave of mergers that has left bigger banks, branch closings and frequent name changes in its wake.

Two recent surveys indicated that many customers thought mergers led to less personal service, higher fees and, in the case of small businesses, less credit.

One survey of small-business owners showed that mergers had prompted 25 percent to switch banks in the past five years. The survey, by PSI Global, a market-research firm for large financial institutions, also found that 32 percent said they would look for a new bank if their current bank were taken over.

A recent Gallup poll indicated that 23 percent of bank customers typically left for another bank in the wake of a bank merger, citing poor or impersonal service, too many fees and better rates elsewhere.

Studies by the Federal Reserve Board lend credence to some of these complaints.

According to one report, smaller banks appear more willing to extend credit to smaller businesses.

"As banks get larger, the proportion of assets devoted to small-business lending declines," the study said. While small banks lend 9 percent of their total assets to small businesses, it said, large banks lend less than 2 percent.

The Fed also has found that the larger the bank, the higher the fees — and the higher the minimum-balance requirement for consumers to avoid fees.

At the same time, large banks tend to offer lower interest rates on checking accounts. A survey by Bank Rate Monitor, a financial-research firm, shows that large banks pay an average return of 1.1 percent on interest-bearing checking accounts, while small banks pay an average of 1.58 percent.

"Generally, smaller banks offer consumers a better deal," said Bill Anderson, president of Bank One Motor, "Intuitively, you'd say that's because they're trying to grow the bank and be more competitive."

He added: "I think we need more competition — we need more institutions competing nationwide to drive the prices down."

But it is more fees and interest rates that has left some customers lost in the forest of big banks; it is how impersonal one of the most personal of transactions — where to put your money — has become. Gone are the days when tellers knew each customer's name; gone are the lollipops that used to be offered to children.

For Dan Gomez, losing that personal touch during a merger affected his business.

"Doing business with a large bank can sometimes be a nightmare," said Mr. Gomez, president of Mastercraft Interiors Ltd., a six-store chain.

Twice, mergers have caused Mr. Gomez to switch banks. The last time, he said, the bank "told us they wanted us out of their bank."

He added: "The new executives felt the retail industry was out of fashion for loans. We had a substantial line of credit and were financially in a stronger position than when we had taken out the loan two years earlier."

But because they were hundreds of miles away, bank officials "were cut tied into the local community and didn't worry about the effect," Mr. Gomez said.

"I predict banks will be more like combanks — and make their hours longer and more convenient," said Robert Litan, director of economic studies at the Brookings Institution. "There's no law that says bank offices have to close at 3 P.M."

Banking officials say that number now has dropped even lower — to fewer than 10,000 — and will continue to fall. Two weeks ago, Citicorp and Travelers Group announced a \$70 billion merger. Last week, NationsBank



Steve Boccardo in Tucson, Arizona, showing one result of a big bank merger two years ago in that region.

not been bankers' strong suit over the years," he said as banks are more "customer-oriented" than people-oriented.

"Community bankers see these mergers as opportunities, not threats," Mr. Schosberg said. "We're prepared to capitalize on the people factor."

BATTLE: Aluminum Workers Strike Gold in Fight for Profit Share

Continued from Page 15

share of all future profits, if any. In a one-and-a-half-page letter to Mr. Duker — a document that would become pivotal evidence more than a decade later in Ms. Gilmore's lawsuit — ORCO spelled out that condition, saying employees "will have a claim against at least 50 percent of the profits earned in each year."

Far from objecting, court records show, Mr. Duker embraced the idea, originally suggesting that employees should receive 90 percent, not just half.

As soon as Mr. Duker and Mr. Brossard took over, they started a drive to cut operating costs, wielding the threat of closing the plant as leverage with politicians and government agencies. With the entire town behind them, they won huge cuts in the plant's electricity rates and property taxes.

A linchpin of the cost-cutting plan, though, was persuading the hundreds of workers to take a 15 percent pay cut in return for a 50 percent share of any future profits. With the specter of a shutdown looming, the workers consented.

"There was a lot of trust," said Mr.

Smith, the aluminum workers' president. The cost-cutting paid off handsomely. In the year ended July 1986, the first full year under Mr. Duker's management, Columbia Falls Aluminum earned a profit. According to court documents, the new owners honored their profit-sharing agreement to the letter in the first year, taking \$1.3 million for themselves and distributing \$1.3 million, again and again, to the workers.

The next year, they also divided the profits almost 50-50 — but with a twist that bothered Revo Somersville, the company's chief financial officer.

In 1986, the two partners in the closely held company had borrowed their projected share of the profits from Columbia Falls' coffers and paid it back with interest. In 1987, they borrowed \$6.5 million for the same reason, and again they repaid the money — but this time, without interest.

Mr. Somersville would soon have even greater reservations about the owners' financial dealings. With costs plummeting and the price of aluminum soaring, the smelter's profits kept surging.

Mr. Shipow, Mr. Duker's lawyer, said, "The company denies it did anything wrong or intimidated anyone."

Then why settle for almost \$100 million? "There's no such thing as a slam dunk," Mr. Shipow said. "Instead of trying the case, moving on to make a lot more money for everyone seemed to be the way to go."

STRAUSS-KAHN: French Finance Chief on Vision and Luck

Continued from Page 15

levels, consumers soon began spending and dissipating economic gloom.

Now, with the International Monetary Fund predicting that France will have one of the highest growth rates in Europe next year, at 3 percent, Mr. Strauss-Kahn predicted that the French deficit would continue to go down next year, to 2.3 percent of gross domestic product. "My objective after the year 2000 is to go below 2 percent," he said.

By January 2002, the euro will start replacing the franc, the German mark and other currencies that now jingle in people's pockets, and Mr. Strauss-Kahn does not underestimate the difficulty of getting used to the change.

"My bank, like others, sends me statements with a balance in euros," he said recently. "With an exchange rate of one euro to almost seven francs, that euro balance always seems shockingly low. Every time I see this figure, I have a

moment of panic, and I suspect everybody will have the same problem."

But he said he was confident that people would get used to it during a three-year period when prices will be posted in both francs and euros, before the franc disappears in 2002.

Paradoxically, Mr. Strauss-Kahn says that no longer having to adjust monetary policy to keep the franc tied closely to the German mark after both are replaced by the euro means that France will actually regain the monetary sovereignty it had lost in recent years to the German central bank.

"In effect, we have the euro already," he said, pointing to his Reuters monitor. "Since I've been in this office, the exchange rate between the franc and the mark has hardly varied by a centime. By sharing sovereignty in the euro with the Germans and others, France will regain sovereignty over the markets."

Mr. Strauss-Kahn speaks fluent German, a skill that he believes has been a

factor in the warm relationship he now has with his German counterpart, Finance Minister Theo Waigel, who also shares with him a love of opera.

Fluent also in English and Spanish, Mr. Strauss-Kahn, who turns 49 this week, has been a frequent visitor to the United States, partly because one of his four children from a previous marriage studies and teaches at New York University.

His admiration for America is tempered with an appreciation of the social solidarity that makes Europe so different, observed close up from 1993 to 1997 while he was mayor of Sarcelles, a Paris suburb with many poor North African immigrants.

Europe's biggest problem at the moment, he says, is its inability to innovate and to create jobs. "Europeans are no longer in the habit of taking risks," Mr. Strauss-Kahn told a group of entrepreneurs in Brussels recently. "Innovation is risky by nature."

CROSSWORD

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- 38 DOE TAO DAVIS
- 39 ELM TREATISE
- 40 AKAKADELNSTATS
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DOWN

- 1 Bird's look
- 2 Good attempt
- 3 Italian bread
- 4 "Yipes!"
- 5 Pilot's command
- 6 Ninecopop
- 7 "... and — the brain shell meet"
- 8 Disturb
- 9 Cast pearls before —
- 10 BBQer's need
- 11 Home planet
- 12 Broad valley
- 13 Big-billed bird
- 14 Lay down fresh —
- 15 Joint Chiefs chairman during Desert Storm
- 16 Actress Thurman
- 17 Big East team
- 18 Exorbitant
- 19 "Calm down!"
- 20 Lemon's widow
- 21 Former Miss America host Park
- 22 Sidestroke, a.g.
- 23 Place for a cabin
- 24 Fictional candy maker
- 25 Flour factory
- 26 Michael Jackson boozie, in a 1987 hit
- 27 Ukraine's capital
- 28 Smell — (be wary)
- 29 Dolphins' home
- 30 Barely beat, with "out"
- 31 Barely beat, with "out"
- 32 Ireland
- 33 "Tiny" Archibald
- 34 Balled
- 35 One-named, angled/curves
- 36 You're the Care For! (1990 HQ)
- 37 Ready to draw!
- 38 Like some: undergrad, grad
- 39 Celebrated bride of 1981
- 40 Lay down fresh —
- 41 Bring to mind
- 42 Capital near Denver
- 43 Record McNally book
- 44 Nick of "North Dallas Forty"
- 45 Sidestroke, a.g.
- 46 Napoleon's home, briefly
- 47 Oklahoma city
- 48 On the — (feeling)
- 49 Beer party staple

Sunday Crossword by John O. Lester

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THE WORLD OF CHOPARD

Quality and creativity are the hallmarks of Chopard, the internationally known luxury watch and jewellery firm founded by Louis-Ulysse Chopard in 1860.
Today Chopard continues to produce high precision watches and precious jewellery through a skillful mix of innovative design, high technology and traditional craftsmanship.

A MEETING OF THE MINDS

By the 1960s Paul-André Chopard, the last watchmaker of the Chopard name, had to face the inevitable: none of his sons wanted to continue the family tradition. At the same time Chopard was pondering what to do, Karl Scheufele, the third in line of a dynasty of goldsmiths and watchmakers in the Pforzheim region of the Black Forest, was looking for a business to buy. It didn't take the two grandsons of the founders of the two companies long to realize that each had what the other was looking for. In 1963, almost 100 years after Louis-Ulysse had founded Chopard, Paul-André sold the firm to Karl Scheufele. While the young Scheufele applied himself to modernizing the business and laying the groundwork for the luxury firm it would become, Paul-André stayed on in the firm until his death in 1968.

FAMILY BUSINESS

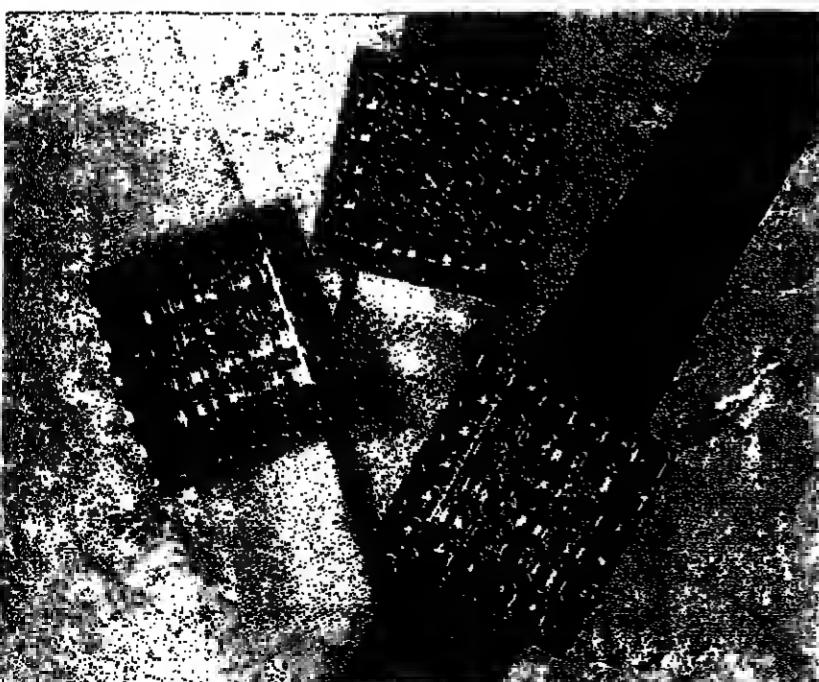
Today, Chopard remains very much a family affair with Karl Scheufele and wife Karin at the helm and their two children, Karl-Friedrich and Caroline as vice-presidents. Caroline, 37, is responsible for Haute Joaillerie, design, creation and the company's incursions into the world of perfume and elegant accessories. A trained goldsmith, her older brother Karl-Friedrich, 40, runs the men's watch division as well as the technological and business side of the firm. The family holds regular board meetings to discuss everything from overall strategy to new designs and products. Discussions and brainstorming are encouraged, but even then there are occasional surprises - like the batch of pink diamonds Caroline Gruosi-Scheufele arrived at a meeting with one day. "At the time," she recalls, "I had just jumped on the opportunity to buy a bunch of these rare gems without having any idea of how I was going to use them in our jewellery. But when the invoice arrived in my father's office, I had a lot of explaining to do." The ensuing "La Vie en Rose" collection fashioned from these rare pink diamonds has become one of the company's most successful and unusual jewellery lines. When not in Geneva, family members travel constantly to represent the firm which has boutiques in 22 cities from New York to Kuala Lumpur, Osaka to Singapore. While the Scheufele family keeps an eye on the Chopard boutiques around the world, a cast of hundreds of designers, goldsmiths, polishers, lathe operators, toolmakers, casters and engravers is busily crafting jewellery at the factory in Pforzheim, Germany and watches at the modern complex in Meyrin, five minutes from the Geneva airport. Two years ago a "manufacture" for the production of a new automatic movement, was set up in Fleurier, 40 kilometres from Geneva. "We have a very good, close contact with our staff," says Karl-Friedrich. "We're not closed behind a door with a watchdog in front!"

SELF-SUFFICIENCY

Self-sufficiency is a respected value in this family company. "We make almost everything ourselves, from the gold armbands and the cases to the watch faces", says Karl Scheufele Senior, conceding that costs may be high but "ideas can be transformed into reality almost immediately." Karl-Friedrich adds: "This is also important because it gives us a high degree of flexibility and discretion." Each year, for example, Chopard receives from 400 to 600 orders for unique pieces. The most expensive to date is the Chopardissimo, the world's most expensive jewellery watch, which was presented at the Basel Jewellery Fair in the Spring of 1997. Over 2000 hours of work went into this 25 million dollar masterpiece which is comprised of three heart-cut diamonds - a 15kt pink diamond, a 12kt blue one and an 11kt white one. "A valuable piece like the Chopardissimo is like a Van Gogh - it can't be repeated," states Caroline Gruosi-Scheufele. Individual orders can, of course, cost astronomical sums of money but one doesn't necessarily have to break the bank to find affordable items at Chopard: small pieces of jewellery, as well as watches in the "Happy Sport" and "Mille Miglia" line, are available in a range of prices from Sfr. 1,500 to 3,500. "We tend to try to have a variety of prices in order to attract young customers so they can get to know Chopard," says Caroline Gruosi-Scheufele. Whether in the affordable price range or the luxury one, Chopard purposely favours high quality over mass production. "The reason we limit ourselves to 35,000 watches and about the same amount of pieces of jewellery a year is that our customers are interested in our products because they are exclusive - and exclusivity is given by rarity" says Karl-Friedrich.

HAPPY DIAMONDS

In 1976 Chopard designer Ronald Kurowski came up with a brilliant idea and an enormous technical challenge. In his "Happy Diamonds" concept, small diamonds freely float inside the watchface. This creation was such a success that it won the 1976 Golden Rose of Baden-Baden, one of the most prestigious watch design awards in the world. Since then, happy diamonds continue to float joyously inside the teddy bears, elephants, and clowns of the "Happy Diamonds" collection which since has been followed by a "Happy Sport" collection. Other watches in the sport line go by the exclusive names of "St. Moritz", "Gstaad" and "Mille Miglia". In contrast, the "Imperiale" collection offers sophisticated watches set with precious gems. Inspired by her many trips to the Far East, the "Casino" collection, created by Caroline Gruosi-Scheufele, features the famous teardrop motif, a unique association of swirling arabesques or floral patterns. The Haute Joaillerie watch and jewellery line is inspired by the Fifties style. Watches are ornamented with gold and diamonds or precious stones. In the "Ice Cube" watch collection designed by Favaz Gruosi, Caroline's husband, and signed by de Crisogono for Chopard, the square case is set with 76 square-cut diamonds and even the caseback is gem-set.



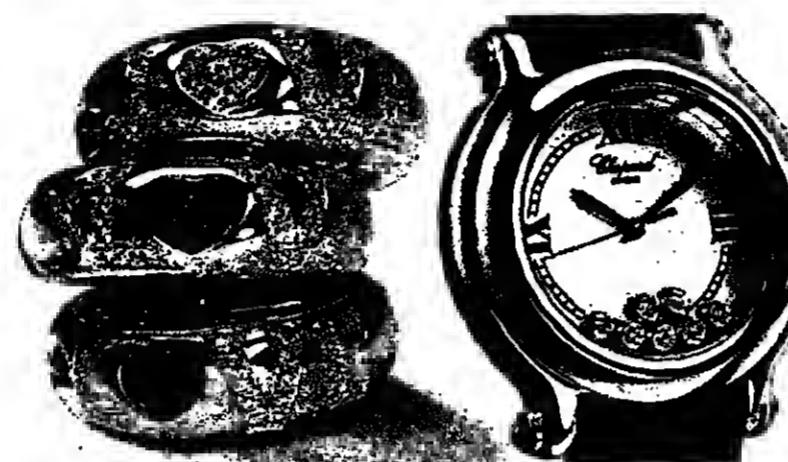
1998 Mille Miglia watch

In July 1988, one year after he fell ill with - and recovered from - leukemia, world-renowned tenor José Carreras founded the José Carreras International Foundation for the Fight against Leukemia to encourage science and research efforts and support promising scientific projects through grants. As friends of José Carreras, the Scheufele family set up a Swiss Foundation with Mr. Carreras in Switzerland in 1991 and a German one in 1995. Karl Scheufele is President of the Swiss Foundation and vice-president of the German one.

In 1996 José Carreras and Chopard President Karl Scheufele decided to create a limited series José Carreras watch each year for five years. Proceeds from the sales of the watches will go to the Foundation. The first edition of 250 was engraved with a drawing of the "Wiener Staatsoper" and signed by José Carreras.

Last year the José Carreras watch was dedicated to the "Deutsche Staatsoper" opera house in Berlin which is represented on the back of each watch. The power reserve indicator of the men's watch, presented in a limited series of 250, is marked by four notes of music. A ladies version in a series of 250 is also available for the first time. Sfr. 250,000 from the sales of these watches will be donated to the Foundation.

In addition, the company has brought out accessories in the form of eyewear, four fragrances of exclusive perfumes, silk scarves and sophisticated tableware. All these items can be found in Chopard's exclusive boutiques and corners around the world. A new boutique has just opened in Munich and two others will soon open in Florence and Marbella. Most of the boutiques are like private homes, complete with wood paneling, and 19th century mirrors atop authentic fireplaces. The company also has 25 corners around the globe, either with in-jewellery shops or at exclusive department stores such as Harrod's. The business continues to grow by leaps and bounds with subsidiaries in France, Austria, Italy, Spain and the United States, along with offices in Moscow and Singapore and distribution in more than 50 countries.



Happy Hearts ring and Happy Sport watch

BASEL 1998

The new "St. Moritz" watch, the latest in the "St. Moritz" collection which was launched in 1980, will be presented at the Basel Jewellery Fair from April 22-29. Completely redesigned, the steel watch has eight screws on the bezel, hour markers and Roman numerals. Dials are in blue, white or copper to enhance the polished or fine-brushed steel. The new St. Moritz exists in two versions both with self-winding movement and 43-hour power-reserve, of which one is a chronograph.

Also to be presented at Basel: the new self-winding 1998 edition of the Chopard "Mille Miglia" chronograph in black and steel colours. Its main feature is its "rubber tire" strap with the famous Dunlop racing tire design of the sixties. Especially created to celebrate the tenth year of Chopard's sponsorship of the Mille Miglia race, the watch will be presented to each competitor with the corresponding starting number engraved on the case back.

THE FUTURE

Louis-Ulysse Chopard would be pleased to see that the little business which started in a mountain workshop continues its concern with quality, craftsmanship, and closeness to customers. "One of our goals is to always improve the quality of our products and of the service in our existing boutique network," says Karl-Friedrich Scheufele.

Even as the company makes plans to extend its network of boutiques and expand operations to South America, it proceeds with the caution and attention to detail that has always characterised a family business respecting tradition, while continually moving ahead. No small wonder then that when Karl-Friedrich Scheufele says that the company plans to increase production in the future, he prudently adds "within reasonable limits."

MILLE MIGLIA - THINGS OF BEAUTY

This year's Mille Miglia will mark the tenth year that Chopard has sponsored the legendary car race. Held every year from 1927 to 1957 and revived in 1977, the race takes place over a magnificent 1000-mile stretch of road running from Brescia to Rome. Car enthusiast Karl-Friedrich Scheufele says he has never missed a race since the Chopard sponsorship began ten years ago. This year, with teammate Jacky Ickx, he'll once again be at the wheel of the late James Dean's favorite car, the 1955 A Spyder Porsche 550 lent by the Stuttgart Porsche museum.

For the Chopard vice-president, the connection between luxury watches and beautiful sports cars is obvious. "It's been said that lovers of beautiful cars also have a great weakness for beautiful timepieces and vice versa. In both cases, sporting elegance and high performance play a special part," he says.

The sponsoring of the race gave birth to the "Mille Miglia" Collection, a line of sports watches including chronographs available with either quartz or automatic movement.

JOSÉ CARRERAS



1998 José Carreras watch

L.U.C. 1860 - A RETURN TO ROOTS

Very few firms which sell watches actually make them. Yet this is what Chopard's founder, Louis-Ulysse Chopard, had in mind when he set up his business in 1860 - and what Karl-Friedrich Scheufele was convinced the company needed to do to return to its watchmaking past. "We were producing many parts ourselves but not the parts for watches. This was something that was missing in our concept," he recalled.

Producing a calibre which would enable the company to become a "manufacture", a coveted title bestowed only on watchmakers who manufacture every single part of a watch, was no small task. Top-secret meetings began in the autumn of 1993; sketches were made and prototypes developed. In 1995 the company established its own high-tech manufacturing center in the town of Fleurier located in the heart of a region with a strong watchmaking tradition.

Looking back on the experience, Karl-Friedrich recalls that "it was definitely discouraging at certain times. It was really an ordeal before we finally came up with the movement."

After three years of hard work and endless tests and trials, the new calibre, the movement of which was entirely designed and crafted in the Chopard workshops, was finally produced in 1996.

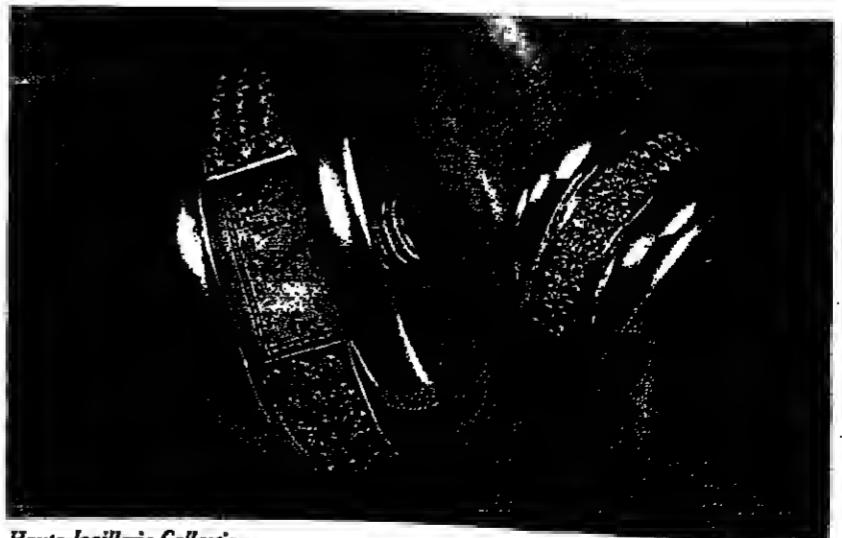
With its Breguet balance-spring and 22 carat gold micro rotor, the L.U.C. 1860 passed the stringent requirements which must be fulfilled before the watches are allowed to be stamped with the coveted "poinçon de Genève", the seal of authenticity of a Geneva watch manufacture. In 1997 the L.U.C. 1860 1.96 men's watch won the prestigious Watch of the Year Award attributed by a panel of specialized journalists and watch retailers. The L.U.C. 1860 line has been so successful that the top-of-the-line watch with the Geneva seal has been sold out for a year. The company is rightly proud of this achievement. "Becoming a "manufacture" has both repositioned the company in the men's watch market and within the small circle of elite watchmakers", comments Karl-Friedrich Scheufele.



L.U.C. watch

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Haute-Joillerie Collection

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SPORTS

France Tops Belgium To Gain Fed Cup Semis

Spanish and Swiss Women Also Advance

Compiled by Our Staff From Dispatches

GHENT, Belgium — France, the defending champion, reached the Federation Cup semifinals Sunday when Nathalie Tanziat and Alexandra Fusai beat Els Callens and Laurence Courtois of Belgium, 6-4, 6-0, in the decisive doubles.

Spain, the United States and Switzerland also advanced to the World Cup semifinals of the women's team competition.

Before the weekend match, Yannick Noah, the French coach, told Mary Pierce, the highest-ranked French player, that she was out of the Fed Cup lineup because she did not want to attend the early training sessions.

He then sidelined Tautz, a 30-year-old veteran ranked 12th in the world, preferring to rely on the youthful vigor of Sarah Pitkowska, 22, who was No. 44 in the WTA rankings.

The French were even at 1-1 after Saturday but fell behind 2-1 when Dominique Van Roost of Belgium beat Sandrine Testud in Sunday's first reverse singles, 7-5, 7-6 (7-9). Pitkowska saved France in the second singles, beating Sabine Appelmans, 4-6, 6-4, 6-1. Noah then brought out Tanziat for the doubles.

In Brno, Czech Republic, top-ranked Martina Hingis led Switzerland to a 4-1 victory Sunday over the Czechs in a first-round tie. In the opening match of the day, Hingis beat Jana Novotna, 4-6, 6-3, 6-2, to give Switzerland a 2-1 lead.

The Swiss clinched the best-of-five tie when Patty Schnyder beat Adriana Geraci, 6-3, 6-3. Hingis and Schnyder defeated Denisa Chladecka and Ludmila Richterova in the doubles, 6-0, 6-1.

In Saarbruecken, Germany, Magu Serna and Conchita Martinez beat Andrea Glass and Wimke Probst in doubles to give Spain a 3-2 victory and a place in the semifinals. The Spaniards won the decisive doubles, 6-4, 7-6 (7-5).

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE			
EAST DIVISION	W	L	Pct.
New York	10	9	.497
Baltimore	11	5	.625
Boston	10	6	.425
Tampa Bay	9	7	.494
Toronto	7	9	.438
CLEVELAND	11	7	.473
Minneapolis	7	9	.476
Kansas City	7	11	.412
Chicago	d	9	.400
Detroit	3	12	.200
TEXAS	10	5	.467
Ashburn	7	8	.467
Seattle	2	10	.412
Oakland	4	11	.267
NATIONAL LEAGUE			
EAST DIVISION	W	L	Pct.
Atlanta	10	6	.625
New York	10	6	.625
Philadelphia	9	7	.476
Montreal	4	12	.250
Florida	4	13	.233
CENTRAL DIVISION			
Milwaukee	11	6	.486
St. Louis	6	9	.400
Chicago	10	7	.489
Houston	8	9	.455
Cincinnati	9	9	.471
Pittsburgh	7	11	.389
WEST DIVISION			
San Diego	14	3	.824
San Francisco	9	5	.572
Los Angeles	8	8	.500
Arizona	d	11	.353
Montreal	5	12	.294
FRYING PINES			
AMERICAN LEAGUE			
CLEVELAND	100	99	100-2
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C. 1-1
Angels (1
Chic.
San Dieg
Pettitts
J. Hause
Hitchcock
Schmidt
Gordon Kers
G. 1-1
Vogel (C
New York
Cincinnati
Browns
Cin. 5
Toussaint
L.—B. Joe
San Fran
Hodder
Eads
Mercedes
Jones (19
L.—Estes
Montreal
Hodder
Hernan
Widger (1
L.—Horn
Hodder
Phelan
St. Louis
Stephen
Gordon (C
Gibby (6
W.—Pell

Herald Tribune INTERNATIONAL SPORTS

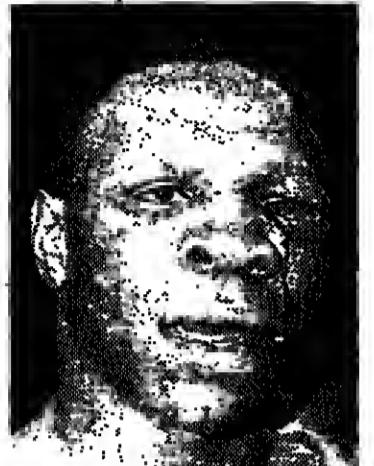
MONDAY, APRIL 20, 1998

WORLD ROUNDUP

Levet Beats Nerves

GOLF Thomas Levet survived his last-hole nerves Sunday to win the Cannes Open. It was his first European title. The 29-year-old Parisian came to the par-5 final hole holding a two-stroke lead but drove into the rough, took two to escape from a fairway bunker and then took two putts for a bogey, a single-shot victory and an \$82,500 check.

Levet shot a two-over-par 73 to finish 6-under at 278, one shot ahead of Greg Turner, Phillip Price and Sven Struver of Germany. (AP)



Chris Eubank, a British boxer, after losing to Carl Thompson.

Eubank Leaves Hospital

BOXING Chris Eubank was discharged from Manchester Royal Infirmary Sunday after being detained for observation after his unsuccessful WBO cruiserweight title challenge against fellow Briton Carl Thompson.

Eubank, 31, went for a check-up and brain scan after a punishing fight Saturday, which he lost on a unanimous decision.

Eubank, the former WBO middleweight and super-middleweight champion, had moved up two divisions. He knocked Thompson down in the fourth round but could not overcome a size gap.

* On the same card, Naseem Hamed knocked out ex-champion Wilfredo Vazquez in the seventh round to retain his WBO featherweight title. (Reuters)

Labor Sports Minister Dies

Denis Howell, Britain's minister of sport in Labour Party governments of the 1960s and 1970s, died early Sunday after a heart attack. He was 74.

Lord Howell represented Birmingham constituencies in Parliament from 1955 until 1992. He served twice as minister for sport, from 1964 to 1970 and from 1974 to 1979. He held several other posts, including minister for drought in 1976. Ten days after his appointment, heavy rains started. (AP)

Inter Still Pressing Juventus

Both Win in Italy Title Race; Arsenal Overtakes United

Compiled by Our Staff From Dispatches

Youri Djorkaeff scored with 10 minutes left and Ronaldo later added his 22nd goal of the season with a free kick as Inter Milan beat Udinese, 2-0, on Sunday to stay within one point of the Serie A leader, Juventus of Turin.

Juventus edged lowly Empoli, 1-0, when the substitute midfielder Fabio Pecchia scored eight minutes after entering the match. The defending champion held on despite the expulsion of the defender Alessio Tacchinardi.

Both teams have four games to play, and they will meet in Turin on Sunday.

Lazio of Rome stretched its losing streak to three matches with a 2-1 loss at Vicenza. Lazio is still third, but it now trails Juventus by nine points.

Inter struggled against Udinese. It nearly fell behind in the 74th minute, when Oliver Bierhoff's stinging header bounced off the base of the post. Ten minutes later, Djorkaeff, the French striker, headed in from a corner kick.

In the 85th minute, Luigi Turci, the Udinese goalkeeper, was expelled for using his hands to clear the ball away from Ronaldo's feet just outside the penalty area. Udinese had already used its three allotted substitutions, and the midfielder Mauricio Pineda went in goal. He had no chance against Ronaldo's ensuing free kick.

NETHERLANDS Shota Arveladze, a Georgian striker, scored a hat-trick of close-range goals Sunday as Ajax Amsterdam celebrated its 27th Dutch league title with a 4-2 victory at Groningen.

Ajax clinched the title last Sunday but had to wait until just before the kick-off Sunday to collect the championship plate. The goals took Amsterdam's total to 97 for the season with four games to play.

Ajax won even though the defender Sunday Oliseh was sent off for the second time in three weeks.

Officials spent Saturday using vacuum cleaners to clear away fragments of glass scattered by unknown saboteurs at the FC Groningen pitch.

Eindhoven, which is second, routed Volendam, 10-0, on Saturday. The loss ensured that Volendam would go down to the second division next season.

ENGLAND Manchester United lost first place in the Premier League to Arsenal on Saturday, but both teams

European Soccer Roundup

moved closer to a place in the European Champions' League on Sunday when Liverpool, which is third, drew 1-1 with Coventry.

Liverpool is nine points behind second-placed United with four games to play. The first two teams qualify for the European Champions' League.

Chelsea, the European Cup Winners' Cup finalist, moved back into fourth place and is just two points behind Liverpool after a Frank Leboeuf penalty gave it a 1-0 victory over Sheffield Wednesday on Sunday.

In Coventry, Liverpool took the lead when its rising star, Michael Owen, turned quickly with the ball and drilled it into the goal in the 33rd minute.

Three minutes after halftime, Coventry equalized after Darren Huckerby was tripped and Dion Dublin scored the penalty.

On Saturday, Arsenal beat Wimbledon, 5-0, while Manchester United drew, 1-1, with Newcastle United.

Tony Adams, Marc Overmars, Dennis Bergkamp, Emmanuel Petit and Christopher Wreh scored as Arsenal demolished Wimbledon.

SCOTLAND Rangers stumbled in pursuit of a 10th straight Scottish league title Sunday when they lost 1-0 at Aberdeen.

The defeat allows Glasgow rivals

Celtic to take a three-point lead with just three matches remaining. Celtic beat Motherwell, 4-1, on Saturday.

Stephen Glass scored Aberdeen's goal in the 28th minute with a glancing header from a cross by Ricky Gullies.

SPAIN Barcelona clinched its 15th Spanish championship Saturday when it gained a somewhat fortunate 1-0 victory over Real Zaragoza.

Barcelona had needed only a draw and for much of the game it was forced to play second fiddle to the visitors, who wasted a series of chances.

Giovanni headed in Barcelona's goal in the 77th minute. He later crashed a shot against the bar. The final minutes were the only time that Barcelona looked remotely comfortable.

FRANCE Lens and Metz qualified for next season's Champions' League after their last potential rivals in the French first division both lost on Saturday.

Marseille lost, 2-1, to Auxerre and is now seven points behind second-placed Metz with only two rounds of games left.

Monaco, which might also have caught Metz, appeared exhausted after its Champions' League semifinal farewell against Juventus on Wednesday, and it lost, 1-0, at home to Toulouse.

Lens, the leader, won in Cannes, 2-0,

on Friday to keep a two-point edge over Metz, which beat Nantes, 3-2.

GERMANY Kaiserslautern, which has not won since mid-March, struggled to a 2-2 draw against Rosostock on Saturday but held on to first place in the Bundesliga as Bayern Munich drew, 4-4, against Arminia Bielefeld, the last-place club.

Kaiserslautern trailed Rosostock until the 69th minute, when an own-goal by Thomas Gansauge leveled the score 2-2.

Bielefeld, which has not won in the Bundesliga since Dec. 20, led 4-3 with two minutes left when Bayern's Lothar Matthaeus tied it. (AP, Reuters)



Zinedine Zidane of Juventus, left, battling Empoli's Daniele Baldini on Sunday in Florence. A 1-0 victory kept Juventus atop the Italian league. (Marco Borsig/The Associated Press)

Colts Pick Manning First in NFL Draft and Chargers Take Leaf



Peyton Manning in an Indianapolis Colts cap during a radio interview.

By Leonard Shapiro
Washington Post Service

NEW YORK — Three days before Easter, Jim Irsay, owner of the Indianapolis Colts, had breakfast in Miami with Peyton Manning, the better to get to know the gifted Tennessee quarterback who his team would go on to select with the No. 1 pick in the 1998 National Football League draft.

"As he was getting ready to leave, Peyton turned around, kind of like a gun-slinger, looked at me and said, 'I'll win for you,'" Irsay said Saturday. "It sent shivers up my spine."

That was not the only reason Irsay said he chose Manning, the son of the former New Orleans Saints quarterback Archie Manning, over Ryan Leaf, the Washington State quarterback. The San Diego Chargers took Leaf second, the fourth that two quarterbacks were the first two selections.

The only surprise in a mostly routine

first round of the NFL's 63rd collegiate

draft in Madison Square Garden on Saturday was how late Marshall University's record-setting wide receiver, Randy Moss, was selected.

Considered a top 10 pick by many scouts, Moss slipped to the 21st pick — by the Minnesota Vikings — because of concerns about his character. Moss

pays the price. Page 23

was the second wide receiver taken preceded by Utah's Kevin Dyson, who went to the Tennessee Oilers as the 16th pick. Moss's brother, Eric, is a reserve offensive lineman for the Vikings.

Arizona, picking third, selected Andre Wadsworth, the Florida State defensive end, the one-time walk-on who became a consensus all-American and was considered the best non-quarterback prospect.

The Oakland Raiders, picking fourth, selected Charles Woodson, the Heisman Trophy winner, who played mostly

cornerback for Michigan but also played wide receiver and returned punts. Woodson said he expected to do the same for the Raiders.

The Chicago Bears selected the Penn State running back Curtis Enis with the fifth pick.

Manning and Leaf are both considered franchise quarterbacks by scouts, personnel officials and coaches around the league. Irsay insisted that the Colts had not made their final decision on Manning until about 30 minutes before the draft.

It was thrilling for Archie Manning, even if his son is going to a team that went 1-15 last season. Archie Manning was the second player selected in the 1971 draft, behind the Heisman winner, Jim Plunkett, and spent most of his career getting pummeled for losing teams.

"Just from a personal standpoint, just like the fathers or parents of so many other kids today, we're just very proud," he said.

The Chargers, 4-12 last season, won't have much time for patience with Leaf, judging from the reaction of the team's owner, Alex Spanos, who came to New York and introduced the 6-foot-5, 235-pounder at a news conference.

"God, Ryan, just come up here son, let me just look at you," Spanos said.

Earlier, Spanos, speaking to reporters, talked indirectly to Leaf. "Have to tell you something Ryan," he said. "I'm looking to you for the next 10 years. Son, I'll tell you what, we're going to make it work. It's going to take total dedication on your part and everybody's part."

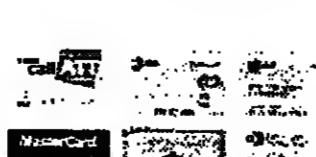
San Diego had moved from the third pick to the second in March by trading two players and three draft choices to Arizona.

Leaf said he considered himself and Manning as "pick 1A and B."

"It wasn't supposed to be this way," he said. "My dad wasn't an all-American quarterback. He was an insurance salesman from Great Falls, Montana."

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French Leader
From '94 Defend
Rwanda Policy
Changes of Complicity in killing
By Carl

PARIS — French President Jacques Chirac has defended his handling of the Rwandan genocide, insisting that France did not bear "any responsibility" for the massacre of 800,000 people.

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